

U.S. International Transactions, Fourth Quarter and Year 1998

By Christopher L. Bach

FOURTH QUARTER 1998

THE U.S. current-account deficit decreased to \$63.8 billion in the fourth quarter of 1998 from \$65.7 billion (revised) in the third quarter (table A).¹ The decrease was attributable to a decrease in the deficit on goods, a decrease in the deficit on investment income, and an increase in the surplus on services. Net unilateral transfers increased.

In the capital account, net recorded inflows—the difference between changes in U.S. assets abroad and changes in foreign assets in the United States—were \$94.3 billion in the fourth

quarter, compared with inflows of \$38.3 billion in the third. The step-up in the increase in foreign assets in the United States was larger than the step-up in the increase in U.S. assets abroad.

The statistical discrepancy—that is, errors and omissions in recorded transactions—was a negative \$30.6 billion in the fourth quarter, compared with a positive \$27.3 billion in the third. The substantial swing in the discrepancy is believed to reflect the imperfect recording of short-term capital flows during a period of heightened uncertainty in financial markets and rapidly changing perceptions of risk exposure.

The following are highlights for the fourth quarter of 1998:

- Goods exports increased substantially, following decreases in the previous three

1. Quarterly estimates of U.S. current- and capital-account components are seasonally adjusted when statistically significant seasonal patterns are present. The accompanying tables present both adjusted and unadjusted estimates.

Table A.—Summary of U.S. International Transactions

[Millions of dollars, seasonally adjusted]

Line	Lines in tables 1 and 10 in which transactions are included are indicated in ()	1997	1998 ^P	Change: 1997-98	1997				1998				Change: 1998 III-IV
					I	II	III	IV	I ^r	II ^r	III ^r	IV ^P	
1	Exports of goods, services, and income (1)	1,179,380	1,174,055	-5,325	283,765	295,287	300,481	299,843	298,740	292,165	285,837	297,312	11,475
2	Goods, adjusted, excluding military (2)	679,325	671,055	-8,270	163,499	169,240	172,302	174,284	171,190	164,543	163,414	171,908	8,494
3	Services (3)	258,268	260,385	2,117	62,685	64,776	65,628	65,175	65,004	65,697	63,943	65,741	1,798
4	Income receipts on U.S. assets abroad (11)	241,787	242,615	828	57,581	61,271	62,551	60,384	62,546	61,925	58,480	59,663	1,183
5	Imports of goods, services, and income (15)	-1,294,904	-1,365,648	-70,744	-311,881	-321,342	-329,130	-332,549	-336,330	-339,746	-341,499	-348,076	-6,577
6	Goods, adjusted, excluding military (16)	-877,279	-919,040	-41,761	-213,222	-218,336	-221,598	-224,123	-227,223	-229,321	-228,313	-234,183	-5,870
7	Services (17)	-170,520	-181,514	-10,994	-41,092	-42,195	-43,437	-43,795	-44,343	-45,154	-45,541	-46,476	-935
8	Income payments on foreign assets in the United States (25)	-247,105	-265,094	-17,989	-57,567	-60,811	-64,095	-64,631	-64,764	-65,271	-67,645	-67,417	228
9	Unilateral transfers, net (29)	-39,691	-41,855	-2,164	-8,874	-9,035	-9,445	-12,337	-9,428	-9,390	-10,032	-13,001	-2,969
10	U.S. assets abroad, net (increase/capital outflow (-)) (33)	-478,502	-305,385	173,117	-145,139	-86,606	-123,317	-123,441	-46,025	-110,164	-60,395	-88,798	-28,403
11	U.S. official reserve assets, net (34)	-1,010	-6,784	-5,774	4,480	-236	-730	-4,524	-444	-1,945	-2,026	-2,369	-343
12	U.S. Government assets, other than official reserve assets, net (39)	174	-836	-1,010	-22	-269	436	29	-388	-433	174	-189	-363
13	U.S. private assets, net (43)	-477,666	-297,765	179,901	-149,597	-86,101	-123,023	-118,946	-45,193	-107,786	-58,543	-86,240	-27,697
14	Foreign assets in the United States, net (increase/capital inflow (+)) (48)	733,441	542,482	-190,959	181,735	149,773	181,438	220,491	95,637	164,967	98,742	183,136	84,394
15	Foreign official assets in the United States, net (49)	15,817	-22,112	-37,929	26,949	-5,411	21,258	-26,979	11,324	-10,274	-46,347	23,185	69,532
16	Other foreign assets in the United States, net (56)	717,624	564,594	-153,030	154,786	155,184	160,180	247,470	84,313	175,241	145,089	159,951	14,862
17	Allocations of special drawing rights (63) .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
18	Statistical discrepancy (64)	-99,724	-3,649	96,075	394	-28,077	-20,027	-52,007	-2,594	2,168	27,347	-30,573	-57,920
Memoranda:													
19	Balance on goods (65)	-197,954	-247,985	-50,031	-49,723	-49,096	-49,296	-49,839	-56,033	-64,778	-64,899	-62,275	2,624
20	Balance on goods and services (67)	-110,206	-169,114	-58,908	-28,130	-26,515	-27,105	-28,459	-35,372	-44,235	-46,497	-43,010	3,487
21	Balance on investment income (68)	-5,318	-22,479	-17,161	14	460	-1,544	-4,247	-2,218	-3,346	-9,165	-7,754	1,411
22	Balance on current account (71)	-155,215	-233,448	-78,233	-36,990	-35,090	-38,094	-45,043	-47,018	-56,971	-65,694	-63,765	1,929
23	Net capital flows (33 and 48)	254,939	237,097	-17,842	36,596	63,167	58,121	97,050	49,612	54,803	38,347	94,338	55,991

^r Revised.

^P Preliminary.

quarters. Goods imports also increased substantially.

- Two exceptionally large acquisitions of U.S. corporations by foreign firms affected both foreign direct investment capital flows to the United States and net U.S. purchases of foreign securities.
- Excluding the two large acquisitions mentioned above, net U.S. sales of foreign securities continued, reflecting a reluctance to assume the risk inherent in holding foreign securities. Net foreign purchases of U.S. securities, including U.S. Treasury securities, increased.
- U.S. banks' claims on foreigners decreased, as U.S. banks withdrew outstanding loans and extended few new loans. U.S. banks' liabilities to foreigners decreased, as foreigners sharply reduced their deposits in U.S. banks and as most U.S. banks had little need to borrow from abroad.

U.S. dollar in exchange markets

In the fourth quarter, the U.S. dollar depreciated 5 percent on a trade-weighted quarterly average basis against the currencies of 10 industrial countries. The depreciation was 5–6 percent against the currencies of most European countries, 15 percent against the Japanese yen, and 3–6 percent against the currencies of most developing countries in Asia (table B, chart 1).

Uncertainties created by the declaration of a debt moratorium by Russia and the devaluation of the Russian ruble, by sharply declining equity prices and interest rates throughout the world, and by renewed instability in key developing countries, especially Brazil in the last half of the third quarter, carried into the fourth quarter.

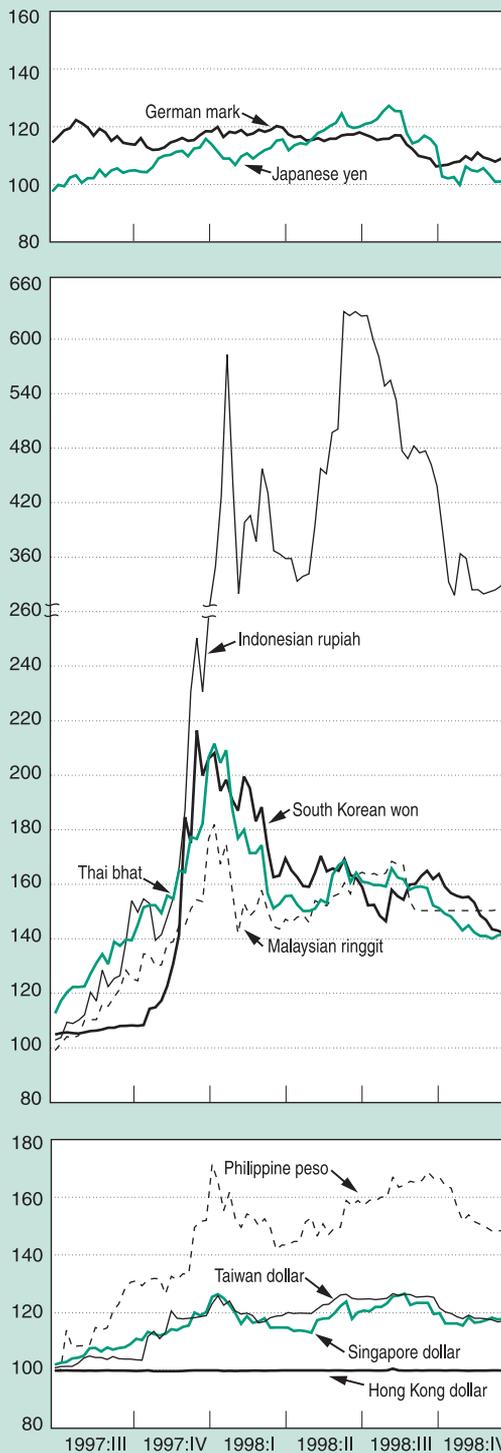
Annual Revision of the U.S. International Transactions Accounts

In June 1999, BEA will release its annual revision of the U.S. international transactions accounts; an article describing the revision will be published in the July issue of the SURVEY OF CURRENT BUSINESS. As usual, a number of methodological and statistical revisions will be incorporated; of particular note, the treatment of unilateral transfers will be changed to bring the accounts into closer alignment with international guidelines. (For more information, see "Upcoming Changes in the Classification of Current and Capital Transactions in the U.S. International Accounts," SURVEY 79 (February 1999): 10–11.)

CHART 1

Indexes of Foreign Currency Price of the U.S. Dollar

December 31, 1996=100



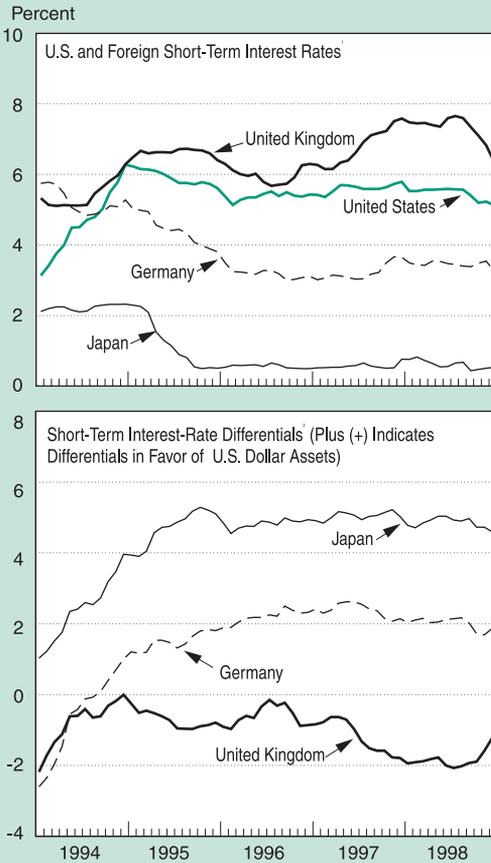
Indexes prepared by BEA from weekly data.
Data: Federal Reserve Board and The Wall Street Journal
U.S. Department of Commerce, Bureau of Economic Analysis

Early in the fourth quarter, conditions in emerging market countries deteriorated further, partly as asset prices continued to fall, which prompted continued large-scale liquidations of emerging market debt by highly leveraged investors in order

to limit losses and meet margin calls, and partly as concerns continued about several countries' ability to make debt service payments, because of weak prospects for economic recovery in those countries. Some of these unsettled conditions

CHART 2

Short-Term Interest Rates



1. Three-month interest rates.
 2. U.S. interest rates less respective foreign interest rates.
 Data: Federal Reserve Board.
 U.S. Department of Commerce, Bureau of Economic Analysis

CHART 3

Long-Term Interest Rates

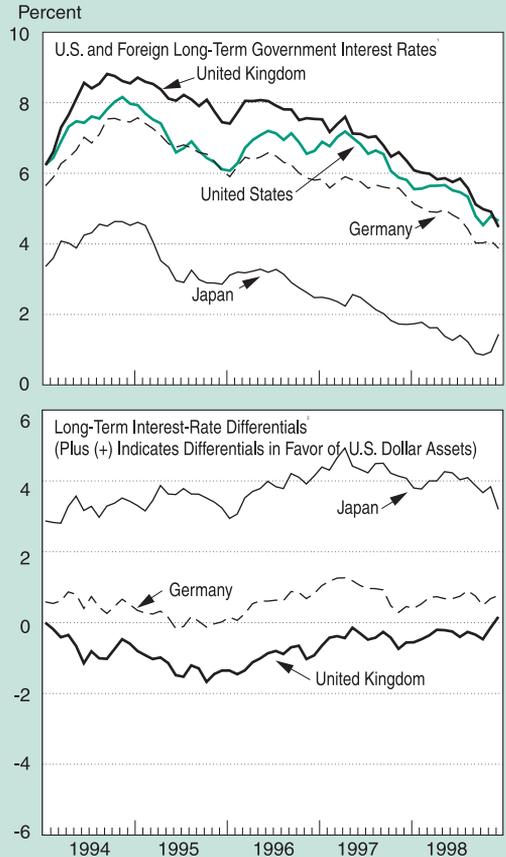


Table B.—Indexes of Foreign Currency Price of the U.S. Dollar

[March 1973=100]

	1997	1998				1997	1998											
	IV	I	II	III	IV	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Trade-weighted average against 10 currencies ¹	97.4	100.3	100.3	100.1	94.6	98.8	100.5	99.9	100.5	100.3	99.6	100.9	101.4	101.8	97.2	93.7	95.5	94.6
Selected currencies: ²																		
Canada	141.3	143.5	145.2	152.0	154.8	143.2	144.6	143.8	142.1	143.5	145.0	147.0	149.2	154.0	152.7	155.0	154.6	154.8
European currencies:																		
Belgium	92.0	95.3	93.9	92.2	87.1	93.3	95.3	94.9	95.7	95.0	92.9	93.8	94.1	93.5	89.0	85.8	88.1	87.4
France	130.3	135.0	133.2	130.8	123.5	131.9	134.7	134.5	135.7	134.6	131.8	133.1	133.5	132.7	126.2	121.6	124.9	124.0
Germany	62.4	64.7	63.8	62.6	59.1	63.2	64.6	64.4	65.0	64.5	63.1	63.7	63.9	63.5	60.4	58.2	59.8	59.4
Italy	302.8	315.3	311.4	305.9	289.8	306.9	314.7	314.7	316.6	315.3	308.1	310.9	311.9	310.3	295.5	285.3	293.0	291.0
Netherlands	68.9	71.4	70.4	69.2	65.3	69.8	71.3	71.2	71.7	71.1	69.8	70.4	70.6	70.2	66.8	64.4	66.1	65.5
Switzerland	44.5	45.9	46.4	45.6	42.3	44.7	45.8	45.5	46.3	46.8	46.0	46.5	47.0	46.4	43.5	41.6	43.1	42.3
United Kingdom	148.9	150.2	149.5	149.6	147.6	149.0	151.2	150.7	148.8	147.8	150.9	149.8	150.4	151.3	147.0	145.9	148.8	148.0
Japan	47.9	48.9	51.8	53.4	45.6	49.5	49.5	48.0	49.3	50.3	51.5	53.6	53.8	55.2	51.3	46.2	45.9	44.7

1. Currencies of Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, and United Kingdom. Data: Federal Reserve Board. Monthly and quarterly average rates. Index rebased by BEA.
 2. Data: Federal Reserve Board. Monthly and quarterly average rates. Indexes prepared by BEA.

were reflected in the reluctance of market participants to assume additional cross-border risks with little near-term improvement expected in equity prices; in rising bid-ask spreads in the Eurodollar interbank market; in a rise in the spread between interest rates on U.S. corporate debt and interest rates on U.S. Treasury securities; and in a sharp rise in the spread between interest rates of emerging market debt and interest rates on U.S. Treasury securities. Only corporate and government borrowers with the highest credit ratings were able to raise funds in international bond markets. Indirectly, these uncertainties had a negative impact on the dollar, and early in the quarter the dollar was sold heavily against the Japanese yen, as well as against the European currencies. Some dollar sales may have been attributable to the unwinding of speculative positions taken against the yen.

In this environment, a strong desire for liquid financial instruments was partly evidenced by large net foreign purchases in November of U.S. Treasury securities and the resultant decline in U.S. Treasury interest rates across all maturity ranges. The U.S. Federal Reserve System moved to ease unsettled market conditions with reductions in the target federal funds rate on September 29, October 15, and November 17. Other factors that eased concerns over cross-border risk were the passage by Congress of additional funding of the International Monetary Fund (IMF), including the New Arrangements to Borrow lending facility, and the completion in mid-November of an IMF rescue package for Brazil.

In November and December, the dollar rebounded, as market participants focused more on conditions in industrial countries. Strong economic growth and low inflation in the U.S. economy were seen as sources of stability, and by the end of November, U.S. stock prices had returned to levels exceeding their midsummer peaks. In addition, indications of slower economic growth in many European countries, interest rate declines there, and the coordinated reduction in interest rates in Europe on December 3 before the commencement of the European Monetary Union (EMU) on January 1 contributed to some rebound of the dollar against the European currencies.

Current Account

Goods and services

The deficit on goods and services decreased to \$43.0 billion in the fourth quarter from \$46.5 billion in the third. The deficit on goods decreased \$2.6 billion, to \$62.3 billion, and the surplus on services increased \$0.9 billion, to \$19.3 billion.

Goods.—The deficit on goods decreased to \$62.3 billion in the fourth quarter from \$64.9 billion in the third. The decrease resulted from a larger increase in exports than in imports (table A).

Exports.—Exports increased a record \$8.5 billion, or 5 percent, to \$171.9 billion following three consecutive quarterly declines. Quantities increased 6 percent, and prices decreased 1 percent.²

Nonagricultural goods increased \$7.2 billion, or 5 percent, to \$158.3 billion. Quantities increased 5 percent, and prices were unchanged. In value, capital goods accounted for nearly 60 percent of the increase. Gains included large deliveries of civilian aircraft to Saudi Arabia and the United Arab Emirates. In addition, semiconductors, mainly to the Republic of Korea and Western Europe, telecommunications equipment to Mexico, and computers, peripherals, and parts to Western Europe all jumped from their third-quarter levels. Automotive products increased strongly, all to Canada, following two consecutive quarters of decline; the increase was attributable to the resumption of full production following a North American auto strike that depressed production in June and July. Nonagricultural industrial supplies and materials also increased, reflecting an increase in nonmonetary gold to Switzerland and in chemicals to China.

Agricultural exports increased \$1.3 billion, or 10 percent, to \$13.6 billion. Quantities increased 13 percent, and prices decreased 3 percent. In value, the increase was largely in soybeans, corn, and wheat.

Imports.—Imports increased \$5.9 billion, or 3 percent, to \$234.2 billion. This was the largest quarterly increase since the first quarter of 1997. Quantities increased 3 percent, and prices were unchanged.

The increase was more than accounted for by nonpetroleum products, which increased \$6.5 billion, or 3 percent, to \$222.5 billion. Quantities

2. Quantity (real) estimates are calculated using a chain-type Fisher formula with annual weights for all years and quarters except for the most recent year, which is calculated using quarterly weights. Real estimates are expressed as chained (1992) dollars. Price indexes (1992=100) are also calculated using a chain-type Fisher formula.

increased 3 percent, and prices were unchanged. In value, nearly 80 percent of the increase was attributable to automotive products, largely from Canada and Mexico, reflecting strong U.S. auto sales in the fourth quarter and a resumption of normal automotive trade following the North American auto strike in June and July. Capital goods increased, reflecting substantial increases in computers, peripherals, and parts, largely from Asia, excluding Japan, and Mexico, and in civilian aircraft, parts, and engines, largely from Western Europe. Nonpetroleum industrial supplies and materials decreased, partly as a result of sizable reductions in iron and steel products.

Petroleum imports decreased \$0.6 billion, or 5 percent, to \$11.7 billion. This was the eighth consecutive quarterly decline and brought imports to their lowest level since the first quarter of 1994. The average price per barrel declined to \$11.38 from \$11.59, the lowest quarterly level since the first quarter of 1974. The average number of barrels imported daily decreased to 11.27 million from 11.62 million.

Balances by area.—The deficit on goods decreased \$2.6 billion, to \$62.3 billion, in the fourth quarter.³ The deficit with Asia, excluding Japan, decreased \$9.2 billion, to \$27.5 billion; the decrease was largely with China and with the newly industrialized countries in Asia. The deficit with the industrial countries increased \$5.9 billion, to \$31.8 billion; the largest increase—\$3.0 billion—was with Japan, and there were smaller increases with Canada and Germany.

Services.—The surplus on services increased to \$19.3 billion in the fourth quarter from \$18.4 billion in the third (table A). Most major categories of services exports increased. Within services imports, the largest increases were in travel and “other” transportation.

Foreign visitors spent \$18.1 billion on travel to the United States, up 7 percent. Receipts from overseas visitors (excluding Canada and Mexico) were \$15.7 billion, up 7 percent. Receipts from Asia remained severely depressed because of financial problems in the region, but receipts from the rest of the world continued to grow. Receipts from Canada were up 8 percent, and

receipts from Mexico, up 3 percent. U.S. travelers spent \$13.7 billion abroad, up 3 percent. Payments by U.S. travelers overseas (excluding Canada and Mexico) were \$10.7 billion, up 4 percent. Payments to Canada were up 5 percent, and payments to Mexico were down 5 percent.

Passenger fare exports were \$5.0 billion, up 4 percent, and passenger fare imports were \$4.8 billion, up 2 percent.

“Other” transportation exports increased \$0.4 billion, to \$6.7 billion; both port expenditure receipts and freight receipts increased, mostly because of a higher volume of traffic. “Other” transportation imports increased \$0.3 billion, to \$8.0 billion; as with exports, both port expenditure payments and freight payments increased, mostly because of a higher volume of traffic.

Royalties and license fees exports increased \$0.4 billion, to \$8.9 billion, and royalties and license fees imports were virtually unchanged at \$2.5 billion.

“Other” private services exports decreased \$0.4 billion, to \$22.8 billion, as a result of a decrease in affiliated services (transactions between affiliated companies). Within unaffiliated services, financial services exports were held down by reduced foreign activity in U.S. financial markets. “Other” private services imports decreased \$0.1 billion, to \$13.4 billion; affiliated services (transactions between affiliated companies) more than accounted for the decrease. Within unaffiliated services, financial services payments were held down because U.S. residents remained reluctant to invest abroad, given the turmoil in world financial markets.

Transfers under U.S. military sales agency sales contracts were up slightly to \$4.0 billion. Direct defense expenditures abroad were \$3.4 billion, up from \$3.2 billion, reflecting increased activity in the Persian Gulf in response to tensions with Iraq.

Investment income

The deficit on investment income decreased to \$7.8 billion in the fourth quarter from \$9.2 billion in the third (table A).

Direct investment income.—Receipts of income on U.S. direct investment abroad increased to \$25.3 billion in the fourth quarter from \$22.8 billion in the third. Third-quarter earnings had been depressed by a North American auto strike, large losses by banks and brokerage houses on their securities operations, and a large decline in manufacturing earnings in Europe. Fourth-quarter earnings rebounded with the cessation of

3. Seasonally adjusted estimates for areas and countries are derived by applying seasonal factors for total U.S. agricultural and nonagricultural exports to the unadjusted agricultural and nonagricultural exports for areas and countries and by applying seasonal factors for total U.S. petroleum and nonpetroleum imports to the unadjusted petroleum and nonpetroleum imports for areas and countries. (The seasonal factors are derived from the seasonal adjustment of U.S. exports and U.S. imports by five-digit end-use commodity category.) The components are then summed to derive seasonally adjusted exports and imports for areas and countries.

losses by banks and brokerage houses. Manufacturing earnings were unchanged, and petroleum earnings continued to decrease, reflecting the continued decline of petroleum prices in world markets.

Payments of income on foreign direct investment in the United States increased to \$12.6 billion in the fourth quarter from \$11.7 billion in the third. Earnings of petroleum affiliates fell, reflecting the continued decline in petroleum prices in world markets. Earnings of manufacturing affiliates continued to rise, reflecting the expansion in the U.S. economy. Earnings of "other" affiliates were essentially unchanged, as a decrease in depository institutions (particularly of Japanese and Western European bank affiliates) was offset by increases in finance and in wholesale trade.

"Other" private and U.S. Government income.—Receipts of income on "other" private investment decreased to \$33.4 billion in the fourth quarter from \$34.8 billion in the third. Lower average interest rates on U.S. banks' claims and a decline in average yields on stock and bond holdings both contributed to the decrease; they more than offset an increase in outstanding stocks. Payments of income on "other" private investment decreased to \$32.5 billion from \$33.2 billion. Lower average interest rates on U.S. bank liabilities and a decline in average yields on stock and bond holdings more than offset increases in outstanding bank liabilities and in outstanding stocks and bonds.

Receipts of income on U.S. Government assets were virtually unchanged at \$0.9 billion in the fourth quarter. Payments of income on U.S. Government liabilities decreased to \$22.3 billion from \$22.8 billion.

Unilateral transfers

Net unilateral transfers were \$13.0 billion in the fourth quarter, up from \$10.0 billion in the third (table A). Nearly all of the increase was attributable to U.S. Government grants, which rose to \$5.5 billion from \$2.7 billion as a result of cash grants to Israel—\$1.8 billion under the credit waiver program to finance military purchases and \$1.2 billion to finance economic purchases.

Capital Account

Net recorded capital inflows—the difference between changes in net U.S. assets abroad and changes in net foreign assets in the United States—were \$94.3 billion in the fourth quarter, compared with \$38.3 billion (revised) in the third.

The step-up in the increase of foreign assets in the United States was greater than the step-up in the increase in U.S. assets abroad. Two exceptionally large acquisitions, described below, of U.S. corporations by foreign firms increased both outflows and inflows. In the accounts, these transactions are recorded as changes in both foreign assets in the United States (direct investment) and in U.S. assets abroad (foreign securities) and hence have no effect on net capital flows.

U.S. assets abroad

U.S. assets abroad increased \$88.8 billion in the fourth quarter, compared with an increase of \$60.4 billion in the third. Exceptionally large outflows occurred for foreign securities, which include offsetting entries to the two exceptionally large foreign acquisitions of U.S. companies referred to above. Partly offsetting was a substantial swing to inflows by U.S. banks.

U.S. official reserve assets.—U.S. official reserve assets increased \$2.4 billion in the fourth quarter, compared with a \$2.0 billion increase in the third (table C). In the fourth quarter, the U.S. reserve position with the International Monetary Fund (IMF) increased \$1.9 billion, as foreigners, including Brazil, borrowed U.S. dollars from the IMF through its General Resources Account and the newly created New Arrangements to Borrow account.

Claims reported by banks.—U.S. claims on foreigners reported by U.S. banks decreased \$22.5 billion in the fourth quarter, in contrast to an increase of \$32.0 billion in the third. In the fourth quarter, U.S. banks reduced their dollar lending and risk exposure in response to financial problems encountered by Russia, Brazil, and other developing countries in Asia and Latin America. Few new credits were extended, except by U.S.-owned banks to their own foreign offices abroad to meet yearend bookkeeping needs. U.S. securities dealers also sharply reduced their outstanding loans to international bond mutual funds in the Caribbean in reaction to the near failure of a large U.S. hedge fund in August. U.S. banks' lending in foreign currencies resumed, largely as a result of a rebooking of foreign currency assets late in the quarter.

Foreign securities.—Net U.S. purchases of foreign securities soared to \$71.6 billion in the fourth quarter, following net sales of \$17.1 billion in the third. Fourth-quarter transactions

included offsetting entries for the two exceptionally large acquisitions of U.S. companies by foreign companies through exchanges of stock. (These acquisitions are also recorded as foreign direct investment in the United States in line 57 of table 1.) Excluding the two large exchanges of stock, net U.S. sales of foreign securities were \$14.0 billion, following net sales of \$17.1 billion. Net sales of foreign stocks slowed to \$5.8 billion from \$8.2 billion, and net sales of foreign bonds slowed to \$8.2 billion from \$8.8 billion.

Net sales of foreign stocks slowed to \$5.8 billion from net sales of \$8.2 billion. Stock prices in most markets (including many emerging markets in developing countries) rebounded strongly in the fourth quarter, partly as repercussions from continuing financial problems in Russia, Asia, and Brazil lessened. Stock prices in emerging markets gained an average of 17 percent after a decline of 23 percent, and prices in Europe gained an average of 20 percent after a decline of 20 percent. Nonetheless, U.S. investors remained cautious and were net sellers of stocks; net sales to the United Kingdom slowed slightly, and net sales to Canada were one-half of third-quarter sales. Trading activity in foreign stocks—that is, gross purchases plus gross sales—decreased 6 percent in the fourth quarter.

Net U.S. sales of foreign bonds slowed to \$8.2 billion from \$8.8 billion. New issues were \$11.6 billion, compared with \$11.3 billion—both well below the \$22.9 billion in new issues in the second quarter. Uncertainties created by the large changes in bond prices in the third quarter carried into the fourth quarter. Therefore, despite falling U.S. long-term interest rates, only the highest-rated corporate and government borrowers were able to raise funds in the U.S. market.

The risk premium for emerging market issues was sharply higher early in the quarter, but it declined as the quarter progressed. New issues picked up toward the end of the quarter as global market turmoil subsided. By the end of the quarter, a few emerging market borrowers were able to successfully place new issues. Net sales of outstanding bonds were \$15.6 billion, up slightly from the third quarter. Trading activity in bonds was half that in the third quarter.

Direct investment.—Net capital outflows for U.S. direct investment abroad were \$33.0 billion in the fourth quarter, compared with \$23.3 billion in the third. Reinvested earnings were sharply higher at \$16.8 billion, after being severely depressed at \$11.7 billion; much of the rebound reflected a recovery from sizable losses related to operations of banks and brokerage houses and a small increase in manufacturing earnings. Intercompany debt shifted to net outflows of \$2.9 billion from net inflows of \$0.8 billion. Net equity capital outflows were \$13.3 billion, up from \$12.4 billion.

Foreign assets in the United States

Foreign assets in the United States increased \$183.1 billion in the fourth quarter, compared with an increase of \$98.7 billion in the third. An exceptionally large inflow for foreign direct investment in the United States was accompanied by a resumption of inflows for U.S. Treasury securities and for foreign official assets in the United States and by larger inflows for U.S. securities other than U.S. Treasury securities. These changes were partly offset by a substantial swing to outflows by U.S. banks.

Foreign official assets.—Foreign official assets in the United States increased \$23.2 billion in the

Table C.—Selected Transactions with Official Agencies

[Millions of dollars]

	1997	1998 ^r	Change: 1997-98	1997				1998				Change: 1998 III-IV
				I	II	III	IV	I	II	III ^r	IV ^p	
Changes in foreign official assets in the United States, net (decrease -) (table 1, line 49)	15,817	-22,112	-37,929	26,949	-5,411	21,258	-26,979	11,324	-10,274	-46,347	23,185	69,532
Industrial countries ¹	11,888	-9,145	-21,033	17,872	6,642	4,751	-17,377	-254	-9,666	-6,219	6,994	13,213
Members of OPEC ²	10,822	-7,511	-18,333	7,103	1,970	3,031	-1,282	-968	-494	-9,647	3,598	13,245
Other countries	-6,893	-5,456	1,437	1,974	-14,023	13,476	-8,320	12,546	-114	-30,481	12,593	43,074
Changes in U.S. official reserve assets, net (increase -) (table 1, line 34)	-1,010	-6,784	-5,774	4,480	-236	-730	-4,524	-444	-1,945	-2,026	-2,369	-343
Activity under U.S. official reciprocal currency arrangements with foreign monetary authorities: ³												
Foreign drawings, or repayments (-), net	-3,500	.....	3,500	-3,500	.....	.....	.....	.....	.....	.....	.....	.....
Drawings .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Repayments	-3,500	.....	3,500	-3,500	.....	.....	.....	.....	.....	.....	.....	.....

^r Revised.

^p Preliminary.

1. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.

2. Based on data for Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Excludes

Ecuador beginning January 1993 and Gabon beginning January 1995.

3. Consists of transactions of the Federal Reserve System and the U.S. Treasury Department's Exchange Stabilization Fund.

fourth quarter, in contrast to a decrease of \$46.4 billion in the third. In the fourth quarter, assets of developing countries increased; they had decreased substantially in the third quarter, especially those of Latin American countries. Assets of industrial countries, especially those of Western European countries, also increased in the fourth quarter. The increase by Western European countries was perhaps a reflection of a desire to maintain fixed parities within the framework of the European Monetary System prior to the beginning of the European Monetary Union (table C).

Liabilities reported by banks.—U.S. liabilities reported by U.S. banks, excluding U.S. Treasury securities, decreased \$21.6 billion in the fourth quarter, in contrast to a \$77.0 billion increase in the third. In the fourth quarter, foreigners sharply reduced their deposits in the United States, partly to invest in U.S. Treasury securities, and U.S. banks borrowed little from abroad, except for Japanese-owned banks in the United States, which borrowed heavily from their Japanese parents. Some of the reduction in deposits was associated with the withdrawal of deposits by international bond mutual funds in the Caribbean and United Kingdom. The borrowing by Japanese-owned banks in the United States resulted from the sharp runup in October in the risk premiums charged to Japanese banks in the Eurodollar interbank market and the sizable advantage in borrowing from parent banks in Japan in order to fund activities of U.S. offices.

U.S. Treasury securities.—Net foreign purchases of U.S. Treasury securities were \$24.3 billion in the fourth quarter, following net sales of \$1.4 billion in the third. There were sharp fluctuations within the quarter. In October, there were large sales from the United Kingdom, partly to cover losses by international bond mutual funds. In November and December, when concerns about risk exposure lessened, net foreign purchases resumed. The net purchases were encouraged partly by an interest-rate differential in favor of U.S. Treasury securities over most foreign government bonds. Trading activity in U.S. Treasury securities—that is, gross purchases plus gross sales—decreased 16 percent in the fourth quarter.

U.S. currency flows.—Net outflows of U.S. currency were \$6.3 billion in the fourth quarter, down from \$7.3 billion in the third. Outflows in the fourth quarter were predominantly to

Latin America. Elsewhere, the demand for U.S. banknotes was relatively stable.

Other U.S. securities.—Net foreign purchases of U.S. securities other than U.S. Treasury securities were \$49.2 billion in the fourth quarter, more than double the \$20.0 billion in net purchases in the third quarter. Fourth-quarter transactions include a small amount of net sales of U.S. securities by foreigners as part of equity exchanges related to the exceptionally large acquisitions recorded in line 57, “Foreign direct investment in the United States,” and line 45, “Foreign securities,” of table 1.

Excluding these special transactions, net foreign purchases of U.S. stocks were \$14.5 billion in the fourth quarter, in contrast to net sales of \$5.5 billion in the third. Transactions had shifted sharply to net sales in the third quarter, particularly by the Caribbean and by Asian countries, as a result of the concurrent sharp decline in U.S. stock prices and near failure of a large U.S. hedge fund. In the fourth quarter, as U.S. stock prices returned to their early August levels and concerns about risk partially subsided, net purchases by the Caribbean and Asia resumed; in addition, Western European purchases continued, though at a much slower pace than in the third quarter. Trading activity in U.S. stocks decreased 8 percent in the fourth quarter.

Net foreign purchases of U.S. bonds recovered to \$40.9 billion in the fourth quarter from \$25.5 billion in the third but remained well below quarterly purchases in the first half of the year. Net purchases of outstanding bonds from Western Europe and Japan increased sharply. New issues sold abroad by U.S. corporations were lower in the fourth quarter than in the third quarter and were limited to only the highest rated corporate and U.S. Government agency issuers. Straight fixed-rate issues continued to dominate the market; most were by nonbank financial corporations. Reflecting the uncertainty in the bond markets and the emergence of substantial risk premiums on bonds, trading activity in bonds decreased 16 percent in the fourth quarter.

Direct investment.—Net capital inflows for foreign direct investment in the United States were \$120.6 billion in the fourth quarter, compared with \$30.3 billion in the third. Fourth-quarter net equity inflows, at \$109.7 billion, were dominated by two exceptionally large foreign acquisitions of U.S. petroleum and manufacturing companies by exchanges of stock in U.S. firms for stock in the newly established foreign parent firms. The

offsets to these transactions appear mostly in line 45, "Foreign securities," and to a small extent in line 60, "U.S. securities other than U.S. Treasury securities," in table 1. Excluding these transactions, net equity capital inflows were slightly lower than the \$24.9 billion in the third quarter; however, equity inflows in both quarters were especially strong. Net intercompany debt inflows were \$4.9 billion, up from \$0.3 billion, and reinvested earnings were \$6.0 billion, up from \$5.1 billion.

Revisions

Preliminary current-account balance and component estimates for the third quarter were revised to incorporate more complete source data. The current-account deficit for the third quarter was revised to \$65.7 billion from \$61.3 billion. The goods deficit was revised to \$64.9 billion from \$64.4 billion (based on updated Census data); the services surplus was revised to \$18.4 billion from \$18.6 billion (based on updated survey data); the deficit on investment income was revised to \$9.2 billion from \$5.5 billion (based on updated survey data and capital flow data); and net unilateral transfers was revised to \$10.0 billion from \$10.1 billion (based on updated U.S. Government agency reports).

Net capital inflows and their components were revised to \$38.3 billion from \$64.8 billion (based on updated survey data and capital flow data).

THE YEAR 1998

The U.S. current-account deficit increased to \$233.4 billion in 1998 from \$155.2 billion in 1997. Much of the increase was attributable to an increase in the goods deficit; however, the deficit on investment income increased substantially, and the surplus on services decreased (table D).

In the capital account, net capital inflows were lower in 1998 than in 1997—\$236.9 billion, compared with \$254.9 billion—reflecting a larger step-down in the increase in foreign assets in the United States than the step-down in the increase in U.S. assets abroad.

The statistical discrepancy—errors and omissions in recorded transactions—was a negative \$3.6 billion in 1998, compared with a negative \$99.7 billion in 1997. The sizable shift in the discrepancy from the third to the fourth quarter is believed to reflect the difficulty of the statistical reporting system in capturing short-term capital flows during periods of heightened financial uncertainty and rapidly changing perceptions of risk.

The following are highlights for 1998:

- The U.S. current-account deficit was substantially higher, largely as a result of a sizable increase in the deficit on goods. In addition, the deficit on investment income was markedly higher, and the surplus on services fell.
- Gross capital flows were sharply lower. Much, but certainly not all, of the slow-down occurred in the second half of the year, when unsettled conditions in world financial markets led to a substantial slowing in cross-border flows.
- U.S. banks supplied far fewer funds to the international banking market and borrowed far less from foreign markets. On balance, there were small net bank inflows from abroad.
- Excluding two exceptionally large acquisitions, U.S. residents sharply curtailed their net purchases of foreign securities, particularly as financial risks inherent in holding foreign securities mounted in the second half of the year. Foreigners continued to purchase U.S. securities other than U.S. Treasury

Table D.—Selected Balances on U.S. International Transactions

(Millions of dollars, quarters seasonally adjusted)

	1996	1997	1998 ^P	1998			
				I ^r	II ^r	III ^r	IV ^P
Balance on goods	-191,337	-197,954	-247,985	-56,033	-64,778	-64,899	-62,275
Balance on services	82,763	87,748	78,871	20,661	20,543	18,402	19,265
Balance on investment income	14,236	-5,318	-22,479	-2,218	-3,346	-9,165	-7,754
Direct, net	66,161	63,733	54,651	15,630	15,216	11,114	12,687
Other private, net	10,832	14,886	10,040	4,017	3,461	1,609	953
U.S. Government, net	-62,757	-83,937	-87,170	-21,865	-22,023	-21,888	-21,394
Unilateral transfers, net	-40,577	-39,691	-41,855	-9,428	-9,390	-10,032	-13,001
Balance on current account	-134,915	-155,215	-233,448	-47,018	-56,971	-65,694	-63,765

^r Revised.

^P Preliminary.

securities at a strong pace, but net purchases in the second half of the year were only one-half as much as in the first half.

- Even excluding two exceptionally large acquisitions, capital inflows for foreign direct investment in the United States were substantially higher, continuing the pattern of sizable increases in each of the last 6 years.

U.S. dollar in exchange markets

The U.S. dollar appreciated 3 percent on a trade-weighted basis against the currencies of 10 industrial countries in 1998. The dollar appreciated 1 percent against the European currencies, 8 percent against the Japanese yen, and 16–40 percent against the key currencies of developing countries in Asia (table B, chart 1).

Most of the dollar's appreciation against the European currencies came early in the first quarter. Thereafter, through early August, the dollar traded in a narrow range against the German mark and other continental European currencies, mainly because little change was expected in business conditions and monetary policies in either the United States or in Germany and the other major European economies. In Europe, agreement on the details of membership in the European Monetary Union (EMU) was proceeding approximately on schedule, and the expectation that interest rates in key EMU countries would converge to the level of German interest rates enhanced the stability between the dollar and the major European currencies. In the United States, continued expansion, low inflation, declining short-term interest rates, and no expected change in monetary policy were also seen as sources of stability. Partly as a result of these positive economic conditions, stock prices in both the United States and most European countries rose strongly.

In contrast, the economic situation in Japan deteriorated sharply. The Japanese economy continued to be burdened by weak domestic demand and by problems in the financial sector. Several plans announced by the Japanese Government failed to stimulate domestic demand, to restore the health of the financial sector, or to raise the value of the Japanese yen in exchange markets. On June 17, U.S. and Japanese authorities intervened in the exchange market to support the yen, but the yen's decline was only temporarily halted.

Also by June, there were renewed concerns that the continued sharp depreciation of the Japanese yen might make exports of other Asian countries less competitive than Japanese exports in

world markets. Moreover, there was apprehension that economic conditions in some Asian countries might deteriorate further, despite the implementation of IMF support programs for the Republic of Korea and for Thailand and the initiation of business and commercial reforms in some countries late in 1997 and early in 1998. Concerns also began to arise about the ability of Russia and some Asian and Latin American countries to make service payments on their external debt obligations and to overcome various internal political problems.

In mid-August, Russia declared a debt moratorium and a devaluation of the ruble. In the aftermath of these actions, there were heightened concerns about the extent of cross-border risk exposure, particularly to assets of emerging market countries. In these countries, asset prices declined sharply, which led to large-scale liquidations by highly leveraged investors in order to limit losses and to meet margin calls. The situation was exacerbated in late August when a large U.S. hedge fund incurred sizable losses and nearly failed, which also led to large-scale liquidations of assets by other highly leveraged investors. Meanwhile, Asian countries took measures to control currency instability. In Malaysia, currency controls were imposed and floating exchange rates were replaced by fixed rates. In Hong Kong, official intervention in equity markets was undertaken to stem capital outflows. Large capital outflows from Brazil and currency devaluations in Colombia and Ecuador evidenced strains in Latin America as well.

By the end of the third quarter, these financial developments had a negative impact on the dollar, and the dollar was sold especially heavily against the Japanese yen as well as the European currencies. Some of the sales against the yen were probably related to the unwinding of speculative positions taken against the yen. These sales continued through early October when heightened concerns over cross-border risk exposure further unsettled financial markets; bid-ask spreads in the interbank market increased quickly and sharply, and the spread of emerging market debt over U.S. Treasury yields increased substantially. Partly to ease unsettled market conditions and counter the effects of weak economic conditions abroad, the U.S. Federal Reserve System lowered the federal funds target rate in three steps in late September through mid-November. In mid-October, Congress passed legislation authorizing additional funding to the International Monetary Fund (IMF), including its New Arrangements to

Borrow lending facility. Also by mid-October, concerns over emerging market countries' debts had intensified in Latin America, particularly in Brazil. In mid-November, the IMF approved an international rescue package for Brazil. In November and December, the dollar rebounded from recent lows against the European currencies, bolstered by renewed awareness of the strength of the U.S. economy and relatively high yields on U.S. bonds.

Current Account

Goods and services

The deficit on goods and services increased to \$169.1 billion in 1998 from \$110.2 billion in 1997. A record annual increase in the goods deficit was augmented by the first annual decline in the services surplus since 1985 (table D).

Goods.—The deficit on goods increased to \$248.0 billion in 1998 from \$198.0 billion in 1997. Imports increased, but by a smaller amount than in 1997, and exports fell for the first time since 1985.

Goods exports decreased \$8.3 billion, or 1 percent, in 1998 after increasing \$67.3 billion, or 11 percent, in 1997. Capital goods growth slowed sharply, and industrial supplies and materials shifted to a decrease, as a result of financial problems in Southeast Asia and Japan and of the concurrent, and not totally unrelated, slow-downs in growth in industrial countries (tables E and F).

Goods imports increased \$41.8 billion, or 5 percent, in 1998, down from an increase of \$74.0 billion, or 9 percent, in 1997. Petroleum imports decreased \$20.6 billion, or 29 percent, as a result of the sharp decline in oil prices, following a 1-percent decrease. Nonpetroleum imports increased \$62.4 billion, or 8 percent, following a 10-percent increase; their strength was maintained in large part by continued strong expansion in the U.S. economy.

Table F.—Percent Changes in U.S. Trade in Goods, Current and Chained (1992) Dollars

[Balance of payments basis]

	Current dollars			Chained (1992) dollars		
	1996	1997	1998 ^p	1996	1997	1998 ^p
Exports	6.3	11.0	-1.2	10.1	15.1	2.1
Agricultural products	7.4	-5.0	-9.1	-2.1	1.6	-1.1
Nonagricultural products	6.1	12.8	-5	11.5	16.6	2.3
Foods, feeds, and beverages	10.0	-7.2	-10.0	-1.4	0	-1.3
Industrial supplies and materials ...	1.1	7.0	-6.5	6.0	7.4	-1.3
Capital goods, except automotive ...	8.3	16.6	1.6	18.1	25.0	4.6
Automotive vehicles, parts, and engines	5.2	13.9	-1.8	4.0	12.9	-2.0
Consumer goods (nonfood), except automotive	8.9	10.4	2.7	7.4	9.6	2.7
Exports, n.e.c.	6.3	12.9	7.9	8.5	16.1	10.5
Imports	7.2	9.2	4.8	10.3	14.1	11.3
Petroleum and products	29.5	-1.3	-28.7	7.6	4.6	7.5
Nonpetroleum products	5.4	10.3	7.7	10.6	15.0	11.6
Foods, feeds, and beverages	7.6	11.2	3.9	10.0	10.2	7.0
Industrial supplies and materials ...	13.2	3.7	-6.5	7.3	5.9	9.6
Capital goods, except automotive ...	3.4	11.0	6.4	20.1	25.8	14.3
Automotive vehicles, parts, and engines	4.2	9.2	7.1	3.5	8.9	6.9
Consumer goods (nonfood), except automotive	6.9	12.8	11.7	6.5	14.1	13.2
Imports, n.e.c., and U.S. goods returned	11.1	11.2	17.0	10.8	11.8	17.6

^p Preliminary.

n.e.c. Not elsewhere classified.

Table E.—U.S. Trade in Goods, Current and Chained (1992) Dollars

[Balance of payments basis, millions of dollars, quarters seasonally adjusted]

	Current dollars							Chained (1992) dollars ¹						
	1996	1997	1998 ^p	1998				1996	1997	1998 ^p	1998			
				I ^r	II ^r	III ^r	IV ^p				I ^r	II ^r	III ^r	IV ^p
Exports	611,983	679,325	671,055	171,190	164,543	163,414	171,908	622,868	716,928	731,846	184,472	178,657	179,182	189,535
Agricultural products	61,487	58,425	53,080	14,154	13,064	12,301	13,561	48,482	49,256	49,199	12,774	11,952	11,496	12,977
Nonagricultural products	550,496	620,900	617,975	157,036	151,479	151,113	158,347	575,806	671,365	686,877	172,567	167,751	168,841	177,718
Foods, feeds, and beverages	55,533	51,507	46,379	12,505	11,269	10,645	11,960	43,899	43,912	43,361	11,431	10,463	10,033	11,434
Industrial supplies and materials	147,980	158,274	147,951	38,451	37,083	35,820	36,597	127,879	137,363	135,577	34,362	33,620	33,167	34,428
Capital goods, except automotive	253,143	295,288	299,975	75,146	71,746	74,453	78,630	310,860	388,648	406,674	100,867	96,954	101,435	107,418
Automotive vehicles, parts, and engines	65,021	74,029	72,697	19,526	18,152	16,426	18,593	62,384	70,435	69,037	18,561	17,255	15,614	17,607
Consumer goods (nonfood), except automotive	70,136	77,445	79,502	19,519	19,952	20,020	20,011	67,258	73,721	75,700	18,519	19,002	19,085	19,094
Exports, n.e.c.	20,170	22,782	24,571	6,043	6,341	6,053	6,134	19,463	22,597	24,964	6,079	6,405	6,180	6,300
Imports	803,320	877,279	919,040	227,223	229,321	228,313	234,183	818,700	933,847	1,039,641	251,910	258,244	260,929	268,558
Petroleum and products	72,743	71,771	51,173	13,714	13,472	12,290	11,697	63,815	66,729	71,758	17,057	18,608	18,316	17,777
Nonpetroleum products	730,577	805,508	867,867	213,509	215,849	216,023	222,486	753,586	866,288	967,164	234,883	239,566	242,450	250,265
Foods, feeds, and beverages	35,711	39,694	41,229	10,422	10,432	10,109	10,266	32,245	35,538	38,042	9,544	9,562	9,430	9,506
Industrial supplies and materials	209,469	217,304	203,272	51,505	51,667	51,005	49,095	189,354	200,597	219,942	53,098	55,259	56,484	55,101
Capital goods, except automotive	229,050	254,175	270,371	67,216	67,611	66,736	68,808	296,641	373,258	426,780	103,409	106,140	106,607	110,624
Automotive vehicles, parts, and engines	128,938	140,778	150,714	37,075	36,578	35,950	41,111	118,782	129,392	138,363	33,951	33,558	33,103	37,751
Consumer goods (nonfood), except automotive	171,115	193,042	215,671	52,332	54,383	54,303	54,653	165,422	188,770	213,763	51,559	53,898	54,033	54,273
Imports, n.e.c., and U.S. goods returned	29,037	32,286	37,783	8,673	8,650	10,210	10,250	26,955	30,134	35,438	8,159	8,077	9,596	9,606

^r Revised.

^p Preliminary.

1. Because chain indexes use weights of more than one period, the corresponding chained-dollar estimates are

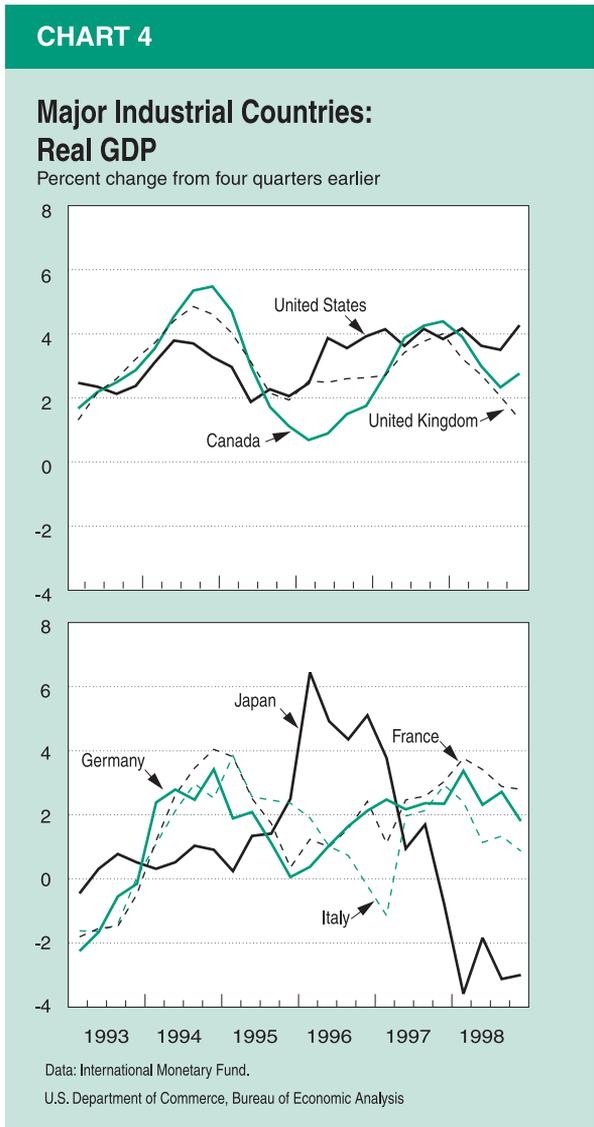
usually not additive.

n.e.c. Not elsewhere classified.

U.S. exports fell in 1998, reflecting substantially slower expansion abroad in industrial countries, in Latin America, and in Asia. Economic expansion slowed sharply in Canada and the United Kingdom, slowed more moderately in the major countries of Western Europe, and was negative in Japan. Latin American and other Asian countries encountered slower growth and continuing financial problems (chart 4).

U.S. import growth slowed substantially in 1998; however, nonpetroleum imports slowed only moderately, as the U.S. economy continued to grow strongly. Growth in U.S. real gross domestic product (GDP) was 3.9 percent, following growth of 3.9 percent in 1997 and 3.4 percent in 1996.⁴

4. Changes in real GDP estimates are shown in table 8.1 on page D-24 in this issue.



Domestic prices of exports decreased in 1998; the largest declines were in capital goods (in computers, peripherals, and parts), in foods, and in industrial supplies and materials. Prices of capital goods excluding computers, automotive products, and consumer goods increased slightly (table G). However, prices increased somewhat for capital goods excluding computers, automotive products, and consumer goods when converted into foreign currencies, as depreciation of foreign currencies added to the slight increases in domestic prices; depreciation also offset some of the price declines in capital goods (in computers, peripherals, and parts), in foods, and in industrial supplies and materials (table H).

Dollar prices of most imports decreased or changed little. Prices of many capital goods, in-

Table G.—Percent Changes in U.S. Goods Trade Chain-Weighted Price Indexes
[Based on index numbers (1992=100)]

	1996	1997	1998 ^P
Exports	-3.5	-3.6	-3.2
Agricultural products	9.8	-6.5	-9.0
Nonagricultural products	-4.8	-3.2	-2.7
Foods, feeds, and beverages	11.6	-7.3	-8.9
Industrial supplies and materials	-4.6	-4	-5.3
Capital goods, except automotive	-8.3	-6.6	-2.9
Computers, peripherals, and parts	-25.7	-23.1	-14.0
Civilian aircraft, engines, and parts	4.0	3.5	1.4
Other capital goods	-5.5	-4.1	-1.2
Automotive vehicles, parts, and engines	1.2	.8	.2
Consumer goods (nonfood), except automotive	1.4	.7	0
Exports, n.e.c.	-2.1	-2.7	-2.5
Imports	-2.9	-4.3	-5.9
Petroleum and products	20.4	-5.7	-33.7
Nonpetroleum products	-4.7	-4.1	-3.5
Foods, feeds, and beverages	-2.2	.9	-3.0
Industrial supplies and materials	5.6	-2.2	-14.7
Capital goods, except automotive	-13.8	-11.8	-6.9
Computers, peripherals, and parts	-19.7	-15.0	-16.6
Civilian aircraft, engines, and parts	4.3	3.9	1.6
Other capital goods	-12.8	-11.8	-3.6
Automotive vehicles, parts, and engines .....	.6	.2	.1
Consumer goods (nonfood), except automotive .....	.3	-1.2	-1.3
Imports, n.e.c., and U.S. goods returned .....	.2	-6	-5

^P Preliminary.
n.e.c. Not elsewhere classified.

Table H.—Percent Changes in Foreign Currency Cost of U.S. Exports of Goods
[Based on index numbers (1992=100)]

	1996	1997	1998 ^P
Exports	-0.1	6.4	-0.6
Agricultural products	13.7	3.2	-6.6
Nonagricultural products	-1.4	6.7	-2
Foods, feeds, and beverages	15.6	2.3	-6.5
Industrial supplies and materials	-1.2	9.8	-2.8
Capital goods, except automotive	-5.0	3.0	-4
Computers, peripherals, and parts	-23.0	-15.2	-11.8
Civilian aircraft, engines, and parts	7.8	14.2	4.0
Other capital goods	-2.1	5.8	1.4
Automotive vehicles, parts, and engines	4.8	11.2	2.8
Consumer goods (nonfood), except automotive	5.0	11.1	2.6
Exports, n.e.c.	1.4	7.3	.1

^P Preliminary.

NOTE.—Chain-weighted price indexes multiplied by trade-weighted exchange rate index of the currencies of Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, and United Kingdom.
n.e.c. Not elsewhere classified.

dustrial supplies and materials, and foods were all lower (table G).

Exports.—Nonagricultural exports decreased \$2.9 billion, or less than 1 percent, to \$618.0 billion in 1998, down sharply from a 13-percent increase in 1997. Quantities increased 2 percent after a 17-percent increase, and prices decreased 3 percent after a 3-percent decrease. In value, capital goods increased \$4.7 billion, down from a \$42.1 billion increase; nonagricultural industrial supplies and materials decreased \$9.5 billion after a \$9.7 billion increase; and automotive products decreased \$1.3 billion after a \$9.0 billion increase (chart 5).

Capital goods increased \$4.7 billion, or 2 percent, to \$300.0 billion in 1998, down sharply from an increase of \$42.1 billion, or 17 percent, in 1997. Civilian aircraft, engines, and parts more than accounted for the increase in 1998, despite the production problems of a major manufacturer in midsummer; deliveries increased \$12.2 billion in 1998, compared with an increase of \$10.6 billion in 1997. Higher deliveries of complete aircraft, particularly to Asia and Western Europe, accounted for two-thirds of the increase in 1998. Higher deliveries of engines and parts, mainly to Western Europe, accounted for the remaining one-third of the increase (table I).

Excluding civilian aircraft, engines, and parts, capital goods fell \$7.5 billion, or 3 percent, to \$246.4 billion in 1998; the decrease was attributable to weak demand, particularly from the troubled Asian economies, to earlier dollar appreciation, and to falling export prices. The decrease was led by high technology products; computers, peripherals, and parts decreased \$4.0 billion, mainly to Asia and Japan, and semiconductors decreased \$1.2 billion, more than accounted for by Japan and Western Europe. "Other" industrial, agricultural, and service machinery decreased \$2.9 billion. Industrial engines, pumps, and compressors decreased for the first time since 1986, and electric generating machinery, electric apparatus, and parts decreased for the first time since 1985.

Nonagricultural industrial supplies and materials decreased \$9.5 billion, or 6 percent, to \$138.2 billion in 1998, following a 7-percent increase in 1997. Energy products decreased \$3.4 billion, or 21 percent. Textile supplies and materials, chemicals, building materials, and metals and nonmetallic products each decreased more than \$1.5 billion. For nearly all categories, lower shipments to Asia, including Japan, accounted for most of the decrease (table J).

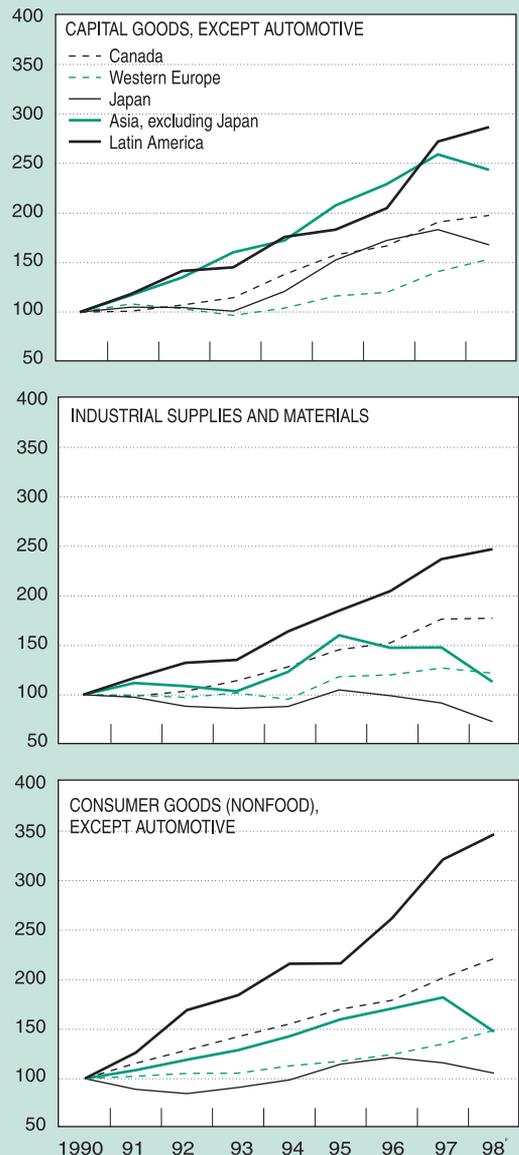
Automotive products decreased \$1.3 billion, or 2 percent, to \$72.7 billion in 1998, following a 14-percent increase in 1997. Complete automobiles accounted for two-thirds of the decrease, and parts and assemblies, for one-third. By area, the decrease was more than accounted for by shipments to Asia.

Consumer goods increased \$2.1 billion, or 3 percent, to \$79.5 billion in 1998, following a 10-percent increase. Nondurable goods increased

CHART 5

Growth in Exports by Selected Commodity Categories and Areas

1990=100



P Preliminary

U.S. Department of Commerce, Bureau of Economic Analysis

\$1.3 billion, or 3 percent; gains to Mexico, Canada, and Western Europe more than offset declines to Japan and Korea. Increased exports of medicinal, dental, and pharmaceutical preparations more than accounted for the increase. Durable goods increased \$0.6 billion, or 2 percent; Canada, Mexico, and Switzerland were the leading destinations.

Agricultural products decreased \$5.3 billion, or 9 percent, to \$53.1 billion, following a 5-percent decrease in 1997. Quantities were unchanged, while prices fell 9 percent in 1998—the second consecutive year of large price declines. In value, nearly one-half of the decrease was in soybeans. The largest decreases were to Asia and Western Europe.

Table I.—U.S. Trade in Capital Goods, Except Automotive

[Balance of payments basis, millions of dollars]

	1993	1994	1995	1996	1997	1998 ^P
Exports	182,096	205,248	233,778	253,143	295,288	299,975
Computers, peripherals, and parts	29,317	33,320	39,654	43,719	49,360	45,319
Semiconductors	19,122	25,178	34,153	35,769	38,861	37,642
Telecommunications equipment	13,513	16,296	20,248	20,323	23,995	24,985
Scientific, hospital, and medical equipment and parts	10,569	11,523	13,073	14,747	16,114	15,815
Industrial, agricultural, and service industry machinery	28,422	31,922	37,088	40,097	45,540	42,678
Machine tools, metalworking equipment, and control instruments	10,650	12,320	14,259	15,606	18,275	18,789
Oil drilling, mining, and construction machinery	9,474	10,216	11,517	12,693	15,599	16,099
Industrial engines, pumps, and compressors	7,506	9,176	10,160	10,287	12,614	11,609
Electric generating machinery, electric apparatus, and parts	16,959	19,674	23,040	24,113	27,977	27,280
Civilian aircraft, engines, and parts	32,678	31,475	26,128	30,792	41,359	53,550
Other capital goods, n.e.c.	3,886	4,148	4,458	4,997	5,594	6,209
Imports	152,305	184,369	221,429	229,050	254,175	270,371
Computers, peripherals, and parts	38,026	46,160	56,277	61,514	70,175	72,510
Semiconductors	19,482	26,156	39,042	36,707	36,881	33,426
Telecommunications equipment	11,275	14,184	15,331	14,375	15,687	18,046
Scientific, hospital, and medical equipment and parts	5,746	5,908	6,669	7,208	8,153	9,584
Industrial, agricultural, and service industry machinery	26,149	31,852	36,707	37,672	41,265	44,386
Machine tools, metalworking equipment, and control instruments	8,040	9,804	12,245	13,462	14,973	16,161
Oil drilling, mining, and construction machinery	4,314	5,325	5,481	5,685	6,649	8,011
Industrial engines, pumps, and compressors	4,094	5,758	6,176	6,266	6,541	7,341
Electric generating machinery, electric apparatus, and parts	17,421	20,030	24,150	24,749	27,920	29,046
Civilian aircraft, engines, and parts	11,275	11,298	10,709	12,671	16,598	21,613
Other capital goods, n.e.c.	6,483	7,894	8,642	8,741	9,333	10,247

^P Preliminary.
n.e.c. Not elsewhere classified.

Table J.—U.S. Trade in Industrial Supplies and Materials

[Balance of payments basis, millions of dollars]

	1993	1994	1995	1996	1997	1998 ^P
Nonagricultural exports	105,002	112,558	135,483	137,943	147,671	138,184
Energy products	12,713	12,041	13,778	15,539	16,530	13,083
Chemicals, excluding medicinals	30,082	35,137	42,985	42,472	46,864	44,980
Paper and paper base stocks	8,483	10,104	14,487	12,483	12,785	12,136
Textile supplies and related materials	6,999	8,183	9,284	9,555	10,700	8,921
Building materials, except metals	8,751	8,839	9,061	9,261	9,482	7,981
Other nonmetals	10,750	11,900	13,410	15,262	16,654	17,991
Metals and nonmetallic products	27,224	26,354	32,478	33,371	34,656	33,092
Steelmaking materials and iron and steel products	5,443	5,789	8,574	7,564	8,177	7,330
Nonferrous metals	14,649	12,279	14,602	15,481	15,027	14,168
Other metals and nonmetallic products	7,132	8,286	9,302	10,326	11,452	11,594
Nonagricultural imports	147,879	160,224	179,434	203,008	211,053	197,380
Energy products	57,390	58,080	62,178	80,249	80,189	59,725
Chemicals, excluding medicinals	18,081	21,359	25,552	26,897	29,164	29,153
Paper and paper base stocks	8,320	8,931	12,879	10,872	10,676	11,224
Textile supplies and related materials	7,550	8,182	8,617	8,843	10,108	10,350
Building materials, except metals	10,556	12,684	12,819	15,035	16,822	17,906
Other nonmetals	10,330	11,047	12,503	13,352	14,147	14,615
Metals and nonmetallic products	35,652	39,941	44,886	47,760	49,947	54,407
Steelmaking materials and iron and steel products	13,591	18,377	19,133	20,265	21,163	24,459
Nonferrous metals	18,128	16,728	20,260	21,679	22,035	22,804
Other metals and nonmetallic products	3,933	4,836	5,493	5,816	6,749	7,144
Memorandum:						
Nonpetroleum imports	100,962	113,671	128,850	136,726	145,533	152,099

^P Preliminary.

Soybeans decreased \$2.6 billion, or 34 percent; quantities decreased 18 percent, and prices, 16 percent. Record world production contributed to the slack demand for U.S. exports.

Corn decreased \$0.9 billion, or 16 percent, as prices declined 19 percent. Production in the United States was the second highest on record.

Wheat decreased \$0.5 billion, or 12 percent, as prices declined 18 percent. Decreases in value were largest to Pakistan, Japan, and the Philippines.

Meat products decreased \$0.5 billion, or 7 percent. Decreases were largest to Russia, Korea, and Japan.

Imports.—Nonpetroleum imports increased \$62.4 billion, or 8 percent, to \$867.9 billion in 1998, down from a 10-percent increase in 1997. Quantities increased 12 percent, down from a 15-percent increase, and prices decreased 4 percent in both 1998 and 1997. In value, increases slowed for capital goods, for nonpetroleum industrial supplies and materials, and for automotive products. In contrast, the increase in consumer goods picked up. Petroleum imports decreased \$20.6 billion, or 29 percent, to \$51.2 billion, following a 1-percent decrease (chart 6).

Capital goods increased \$16.2 billion, or 6 percent, to \$270.4 billion in 1998; this increase was not as strong as the 11-percent increase in 1997. The increase in 1998 was led by civilian aircraft, engines, and parts, which rose \$5.0 billion, or 30 percent, up from an increase of \$3.9 billion, or 31 percent, in 1997. Increases in engines and parts and in complete aircraft were predominantly from Western Europe. "Other" industrial, agricultural, and service industry machinery increased \$3.1 billion, the second year of strong growth. Computers, peripherals, and parts increased \$2.3 billion, or 3 percent, but not nearly as strongly as the \$8.7 billion, or 14-percent, increase in 1997. Telecommunications equipment increased \$2.4 billion, or 15 percent; the increase was led by stronger imports from Japan, Canada, and Western Europe. Scientific, hospital, and medical equipment increased \$1.4 million; oil drilling, mining, and construction machinery also increased \$1.4 billion; and electric generating machinery increased \$1.1 billion. These increases were partly offset by a decrease of \$3.5 billion in semiconductors (table I).

Nonpetroleum industrial supplies and materials increased \$6.6 billion, or 5 percent, to \$152.1 billion in 1998, following a 6-percent increase in 1997. Over half of the increase was attributable to metals and nonmetallic products, particularly to

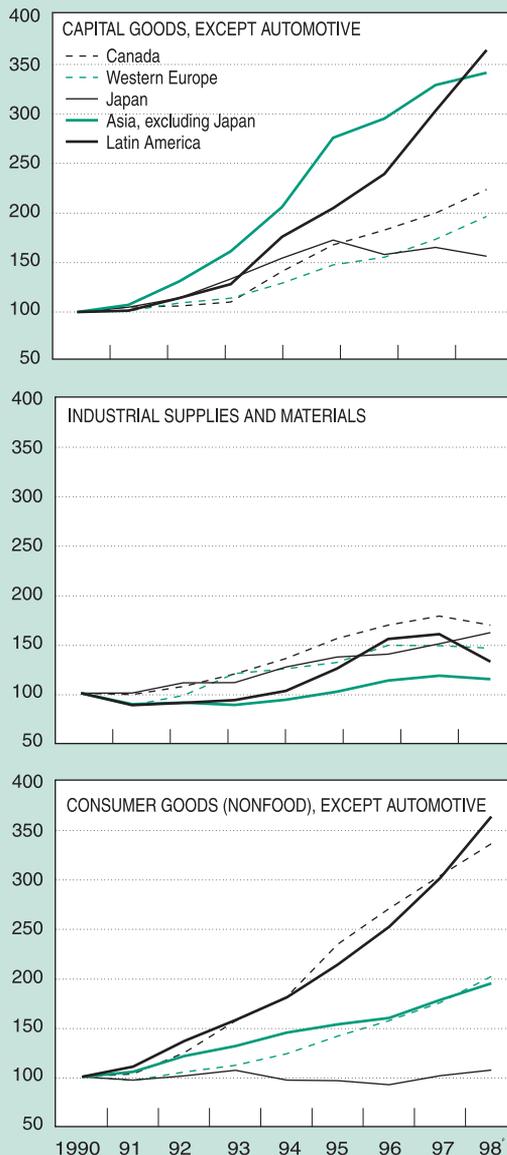
iron and steel products and to precious metals. Iron and steel products increased \$3.0 billion, or 17 percent, following a 5-percent increase in 1997. Precious metals increased \$1.2 billion, or 49 percent, following a 6-percent increase. The increase in building materials slowed sharply, and chemicals were unchanged after a large increase in the 1997 (table J).

Automotive products increased \$9.9 billion, or 7 percent, to \$150.7 billion in 1998, following

CHART 6

Growth in Imports by Selected Commodity Categories and Areas

1990=100



p Preliminary

U.S. Department of Commerce, Bureau of Economic Analysis

a 9-percent increase in 1997. The increase was mostly due to a 10-percent increase in passenger vehicles from Canada, Japan, Germany, and Mexico. The quantity of imported new passenger vehicles increased 8 percent, while their average price increased 4 percent. U.S. sales of passenger vehicles increased 4 percent after no change.

Consumer goods increased \$22.6 billion, or 12 percent, to \$215.7 billion in 1998, following a 13-percent increase in 1997. Durable goods, non-durable goods, and unmanufactured goods all increased. The increase in durable goods was mainly in home entertainment equipment and household goods; Mexico, China, and Japan were the leading suppliers. The increase in nondurable goods was mainly in medicinals from Ireland and Germany and apparel from Mexico and China. The increase in unmanufactured goods was in gem diamonds from Israel and India.

Petroleum imports decreased \$20.6 billion, or 29 percent, to \$51.2 billion in 1998, following a 1-percent decrease in 1997. The decrease in 1998 resulted from a sharp decline in prices to an average of \$12.32 per barrel from \$18.57 per barrel. Quantity increased 7 percent to 11.37 million barrels per day from 10.58 million barrels, following a 5-percent increase. OPEC's share of total petroleum imports decreased to 43 percent from 44 percent. In quantity, imports from Saudi Arabia increased 5 percent, and from Canada, 1 percent. Imports from Venezuela decreased 5 percent; from Mexico, 4 percent; and from Nigeria, 2 percent (chart 7).

U.S. consumption of petroleum and products increased 1 percent to 18.7 million barrels per day. Production decreased 2 percent to 9.4 million barrels per day, following a 1-percent decrease in 1997. Imports as a percent of consumption increased to 61 percent from 57 percent.

Balances by area.—The U.S. deficit in goods increased \$50.0 billion in 1998, following a \$6.6 billion increase in 1997. The sizable increase in 1998 reflected a decline in goods exports, which was attributable both to financial problems in Latin America and Asia and to a marked slowdown in growth in industrial countries, and an increase in imports, though at a somewhat slower pace than in 1997 (table K).

The deficit with Western Europe increased to \$34.4 billion from \$22.8 billion. Exports slowed to one-half their 1997 pace, particularly those of capital goods, while imports of capital goods, consumer goods, and automotive products exceeded their 1997 pace.

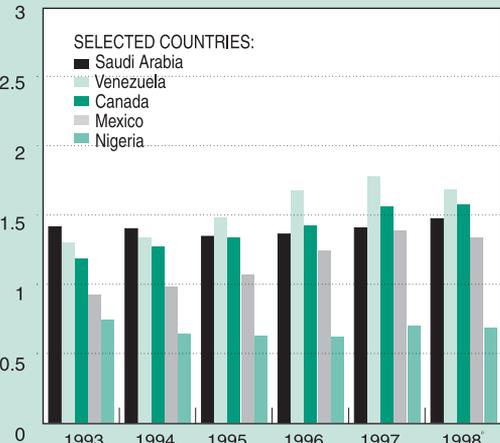
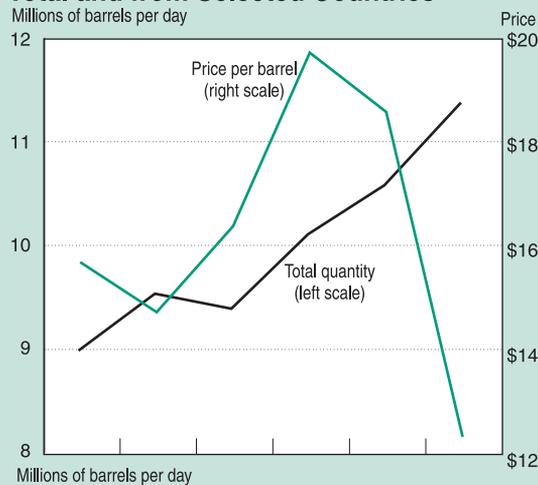
The deficit with Canada increased to \$20.8 billion from \$19.0 billion. Exports of nearly all major end-use commodity categories slowed sharply from their large increases in 1997. Imports in most major categories slowed somewhat, but imports of industrial supplies and materials, which included sharp reductions in petroleum, declined sharply.

The deficit with Latin America decreased to \$6.9 billion from \$8.1 billion. Exports slowed to nearly one-third their 1997 pace; a large share of the slowdown was concentrated in capital goods. Imports slowed to a little more than one-third their 1997 pace, largely because of reduced petroleum imports. Excluding petroleum, imports were maintained at about the same pace as in 1997, especially those of capital goods and consumer goods.

The deficit with Asia, excluding Japan, increased to \$121.5 billion from \$90.1 billion.

CHART 7

U.S. Petroleum Imports and Price, Total and from Selected Countries



p Preliminary
U.S. Department of Commerce, Bureau of Economic Analysis

Exports decreased \$18.9 billion, reflecting economic difficulties in Asia; the decrease was spread across all major commodity categories but was concentrated in industrial supplies and materials and in capital goods. Imports increased at about 60 percent of the 1997 pace; capital goods slowed sharply, while consumer goods slowed slightly.

The deficit with Japan increased to \$65.3 billion from \$57.1 billion. The decrease in exports accelerated, as industrial supplies and materials and capital goods fell; imports were nearly unchanged, though capital goods decreased sharply.

Services.—The surplus on services decreased to \$78.9 billion in 1998 from \$87.7 billion, the first annual decline since 1985. Services exports increased to \$260.4 billion from \$258.3 billion; the \$2.1 billion increase was down sharply from the \$19.5 billion increase in 1997 (table L). For the first time in many years, there were declines in travel, "other" transportation, passenger fares, and transfers under U.S. military sales contracts. These declines were partly offset by increases in "other" private services and in royalties and license fees. Services imports increased to \$181.5 billion from \$170.5 billion; the \$11.0 billion increase was somewhat less than the \$14.5 billion increase in 1997. Nearly all major

Table K.—U.S. Trade in Goods by Major End-Use Category for Selected Areas and Countries

(Balance of payments basis, millions of dollars)

	Canada			Western Europe			United Kingdom			Germany			Japan		
	1996	1997	1998 ^P	1996	1997	1998 ^P	1996	1997	1998 ^P	1996	1997	1998 ^P	1996	1997	1998 ^P
Exports	134,516	152,047	156,540	138,339	152,962	159,555	30,238	35,912	37,880	22,965	24,202	26,384	65,969	64,600	56,637
Agricultural products	6,984	8,072	8,300	10,523	10,441	8,960	1,239	1,312	1,252	1,501	1,319	1,222	11,690	10,560	9,181
Nonagricultural products	127,532	143,975	148,240	127,816	142,521	150,595	28,999	34,600	36,628	21,464	22,883	25,162	54,279	54,040	47,456
Foods, feeds, and beverages	6,819	7,809	8,051	8,652	8,095	6,863	1,050	1,108	1,082	1,225	1,038	912	12,401	10,960	9,325
Industrial supplies and materials	29,604	34,230	34,418	34,953	37,019	35,463	7,578	7,048	7,851	4,127	4,693	4,637	15,079	13,950	11,092
Capital goods, except automotive	43,166	49,398	51,119	63,557	74,638	81,269	16,062	20,889	21,618	12,073	12,542	14,902	24,795	26,357	24,155
Automotive vehicles, parts, and engines	35,137	39,764	39,522	6,659	7,314	8,104	919	1,122	1,424	2,182	2,195	2,407	4,605	3,930	3,312
Consumer goods (nonfood), except automotive	13,888	15,661	17,170	18,442	20,055	22,099	3,753	4,390	4,511	2,589	2,596	2,494	8,458	8,094	7,360
Exports, n.e.c.	5,902	5,185	6,260	6,076	5,841	5,757	876	1,355	1,394	769	1,138	1,032	631	1,309	1,393
Imports	158,669	171,024	177,358	161,665	175,770	193,967	28,839	32,496	34,374	38,839	43,018	49,788	115,171	121,658	121,985
Petroleum and products	12,194	12,012	8,542	6,908	6,165	4,535	2,893	2,135	1,551	166	185	217	53	113	96
Nonpetroleum products	146,475	159,012	168,816	154,757	169,605	189,432	25,946	30,361	32,823	38,673	42,833	49,571	115,118	121,545	121,889
Foods, feeds, and beverages	7,765	8,560	8,922	7,628	8,175	8,580	933	986	1,057	672	660	651	343	423	403
Industrial supplies and materials	60,420	63,655	60,415	41,698	41,590	40,882	7,071	6,721	6,412	7,593	7,958	8,181	11,871	12,765	13,725
Capital goods, except automotive	24,182	26,448	29,608	52,679	58,799	66,619	10,987	13,656	14,492	15,079	15,856	17,904	54,376	56,867	53,789
Automotive vehicles, parts, and engines	45,914	50,284	52,895	17,912	20,541	24,358	2,386	2,684	3,143	10,048	11,795	14,359	34,694	36,164	37,443
Consumer goods (nonfood), except automotive	9,974	11,197	12,389	33,837	37,796	43,503	5,613	6,251	6,935	3,894	4,954	6,480	11,783	12,961	13,680
Imports, n.e.c., and U.S. goods returned	10,414	10,880	13,129	7,911	8,869	10,025	1,849	2,198	2,335	1,553	1,795	2,213	2,104	2,478	2,945
Balance	-24,153	-18,977	-20,818	-23,326	-22,808	-34,412	1,399	3,416	3,506	-15,874	-18,816	-23,404	-49,202	-57,058	-65,348

	Latin America			Mexico			Asia, excluding Japan			Hong Kong, Republic of Korea, Singapore, Taiwan			China		
	1996	1997	1998 ^P	1996	1997	1998 ^P	1996	1997	1998 ^P	1996	1997	1998 ^P	1996	1997	1998 ^P
Exports	100,250	124,314	131,452	56,740	71,152	78,674	135,399	144,777	125,912	73,322	76,376	61,427	11,938	12,723	13,984
Agricultural products	9,122	8,961	10,017	5,461	5,225	6,209	16,312	14,458	11,238	8,624	7,476	5,725	2,096	1,605	1,339
Nonagricultural products	91,128	115,353	121,435	51,279	65,927	72,465	119,087	130,319	114,674	64,698	68,900	55,702	9,842	11,118	12,645
Foods, feeds, and beverages	7,664	7,256	7,941	4,581	4,298	4,957	13,400	11,684	9,172	7,340	6,193	4,651	1,324	1,001	1,118
Industrial supplies and materials	28,863	33,384	34,798	16,579	19,554	21,743	31,736	31,829	24,325	18,022	17,857	13,137	4,109	4,197	3,642
Capital goods, except automotive	36,751	48,750	51,379	18,594	24,943	27,467	70,557	79,741	74,979	39,434	41,775	36,220	5,741	6,575	8,526
Automotive vehicles, parts, and engines	10,923	15,175	15,393	8,284	11,573	11,991	5,334	5,494	3,941	1,955	2,306	1,286	181	392	188
Consumer goods (nonfood), except automotive	12,988	15,938	17,196	6,524	8,092	9,325	10,744	11,445	9,275	5,680	5,834	3,890	484	536	572
Exports, n.e.c.	3,061	3,811	4,745	2,178	2,692	3,191	3,628	4,584	4,220	891	2,411	2,243	99	22	-62
Imports	117,448	132,425	138,335	75,080	86,661	95,482	212,825	234,887	247,429	82,722	86,138	85,935	51,511	62,555	71,162
Petroleum and products	23,972	24,221	16,625	8,127	8,451	5,314	13,400	12,540	9,444	216	268	424	434	459	276
Nonpetroleum products	93,476	108,204	121,710	66,953	78,210	90,168	199,425	222,347	237,585	82,506	85,870	85,511	51,077	62,096	70,886
Foods, feeds, and beverages	11,337	12,896	13,014	4,221	4,620	5,192	6,210	6,879	7,267	667	711	688	662	737	772
Industrial supplies and materials	39,014	40,247	33,243	14,797	15,772	13,098	30,671	31,981	31,003	6,821	7,627	8,489	4,260	5,161	5,455
Capital goods, except automotive	17,004	21,536	25,900	15,596	19,758	23,096	78,558	87,578	90,858	48,449	50,882	48,451	8,741	11,531	14,083
Automotive vehicles, parts, and engines	24,500	27,418	29,591	23,345	25,937	28,031	5,493	5,688	5,831	3,566	3,708	3,610	750	787	942
Consumer goods (nonfood), except automotive	21,584	25,830	31,153	13,823	16,835	21,615	88,180	98,295	107,465	21,193	20,910	22,158	36,697	43,878	49,214
Imports, n.e.c., and U.S. goods returned	4,009	4,498	5,434	3,298	3,739	4,450	3,713	4,466	5,005	2,026	2,300	2,539	401	461	696
Balance	-17,198	-8,111	-6,883	-18,340	-15,509	-16,808	-77,426	-90,110	-121,517	-9,400	-9,762	-24,508	-39,573	-49,832	-57,178

^P Preliminary.
n.e.c. Not elsewhere classified.

categories increased at a slower pace in 1998 than in 1997.

Foreign visitors spent \$71.1 billion for travel in the United States in 1998, a decrease of 3 percent. Receipts from overseas (excluding Canada and Mexico) were \$61.2 billion, down 3 percent, mostly as a result of a 2-percent decline in the number of visitors. Visitors from Asia including Japan decreased 14 percent, and visitors from Japan decreased 8 percent, reflecting poor economic conditions in the region. These substantial declines were partly offset by an increase of 2 percent in the number of visitors from Western Europe, but this increase was only about one-third of that in 1997. Receipts from Canada were \$6.1 billion, down 10 percent; both the number of travelers and their average expenditures decreased, largely as a result of a 7-percent depreciation in the value of the Canadian dollar against the U.S. dollar. Receipts from Mexico were \$3.8 billion, an increase of 11 percent.

U.S. residents spent \$53.7 billion for travel abroad in 1998, an increase of 5 percent. Expenditures overseas (excluding Canada and Mexico) increased 4 percent to \$41.4 billion. The number of travelers increased 7 percent; growth in travel-

ers to Western Europe remained strong, but not as strong as in 1997, while growth in travelers to Asia slowed sharply. Expenditures in Canada increased 16 percent to \$5.7 billion; the number of travelers increased 8 percent, partly the result of a 7-percent appreciation of the U.S. dollar against the Canadian dollar. Expenditures in Mexico increased 3 percent to \$6.6 billion.

Passenger fare exports decreased 4 percent to \$20.1 billion, and passenger fare imports increased 3 percent to \$18.9 billion.

“Other” transportation exports were \$25.8 billion, down 4 percent in 1998, following a 3-percent increase in 1997. Depressed export volumes lowered freight receipts and port expenditure receipts from all major areas of the world, but the falloff in receipts was particularly large from Japan and Other Asia, which faced recessions and other financial problems. Approximately two-thirds of the decline in exports was attributable to Japan and Other Asia. The slump in export volumes also led to a sharp drop in freight rates, particularly on tramp shipments.

“Other” transportation imports were \$30.3 billion, up 5 percent in 1998, following a 6-percent increase in 1997. Although freight payments from

Table L.—Services

[Millions of dollars, quarters seasonally adjusted]

	1996	1997	1998 ^P	1998			
				I ^r	II ^r	III ^r	IV ^P
Exports	238,792	258,268	260,385	65,004	65,697	63,943	65,741
Travel	69,751	73,268	71,116	17,935	18,109	16,930	18,142
Passenger fares	20,413	20,895	20,137	5,176	5,202	4,790	4,969
Other transportation	26,074	26,911	25,787	6,459	6,291	6,333	6,703
Royalties and license fees	32,823	33,676	35,063	8,660	8,893	8,569	8,940
Other private services	73,073	84,465	90,729	21,907	22,917	23,142	22,765
Affiliated services	23,779	26,336	27,600	6,647	6,879	7,195	6,880
Unaffiliated services	49,295	58,128	63,129	15,260	16,038	15,947	15,885
Education	7,888	8,278	8,451	2,101	2,097	2,157	2,096
Financial	8,382	11,064	13,212	2,891	3,617	3,380	3,324
Insurance	1,971	2,391	2,594	629	642	656	669
Telecommunications	3,270	3,771	3,744	969	940	914	921
Business, professional, and technical	17,599	21,304	23,010	5,669	5,755	5,793	5,793
Other	10,185	11,321	12,117	3,001	2,987	3,047	3,083
Military transactions ¹	15,765	18,269	16,765	4,672	4,088	3,982	4,023
U.S. Government receipts	893	784	788	195	197	197	199
Imports	156,029	170,520	181,514	44,343	45,154	45,541	46,476
Travel	48,048	51,220	53,728	13,282	13,438	13,324	13,684
Passenger fares	15,818	18,235	18,851	4,638	4,745	4,688	4,780
Other transportation	27,403	28,949	30,285	7,249	7,429	7,635	7,971
Royalties and license fees	7,854	9,411	10,654	2,847	2,756	2,517	2,535
Other private services	43,138	48,421	52,470	12,478	13,035	13,514	13,443
Affiliated services	16,668	18,324	19,689	4,426	4,832	5,289	5,142
Unaffiliated services	26,469	30,098	32,781	8,052	8,203	8,225	8,301
Education	1,247	1,347	1,474	349	365	378	382
Financial	2,995	3,906	4,037	999	1,069	1,007	962
Insurance	3,773	5,208	5,826	1,477	1,471	1,451	1,427
Telecommunications	8,304	8,113	8,438	2,121	2,103	2,088	2,127
Business, professional, and technical	5,550	6,571	7,753	1,832	1,905	1,973	2,043
Other	4,600	4,952	5,252	1,274	1,290	1,328	1,360
Direct defense expenditures ²	11,081	11,488	12,693	3,145	3,045	3,153	3,350
U.S. Government payments	2,687	2,796	2,833	704	706	710	713

^r Revised.

^P Preliminary.

1. Consists of goods and services transferred under U.S. military agency sales contracts that

cannot be separately identified.

2. Consists of imports of goods and services by U.S. defense agencies that cannot be separately identified.

nearly all major geographic areas increased, the increases were particularly strong from Western Europe and Asia excluding Japan; a decrease from Japan prevented larger gains. The increase was greatest on ocean volumes, but air volumes also increased. Port services payments decreased, partly reflecting lower payments to Asian ports as a result of lower exports to that region and partly reflecting lower fuel prices.

“Other” private service exports were \$90.7 billion in 1998, up from \$84.5 billion in 1997. Affiliated services (transactions between affiliated companies) grew less than in 1997. Among unaffiliated services, business, professional, and technical services grew less, and financial services slowed, as greatly reduced foreign activity in U.S. financial markets in the second half of the year more than offset strong foreign activity in U.S. markets in the first half.

“Other” private service imports were \$52.5 billion in 1998, up from \$48.4 billion in 1997. Affiliated services (transactions between affiliated companies) grew less than in 1997. Among unaffiliated services, business, professional, and technical services increased the most. The increase in financial services was much less in 1998 than in 1997, as activity in foreign financial markets was greatly reduced by the turmoil in world financial markets that was created by the financial problems and slower growth in Asian and Latin American countries.

Transfers under U.S. military agency sales contracts were \$16.8 billion in 1998, down from \$18.3 billion in 1997. Deliveries of military aircraft to South Korea, Taiwan, and Malaysia were down.

Direct defense expenditures abroad were \$12.7 billion 1998, up from \$11.5 billion in 1997. Increased activity in the Persian Gulf in response to tensions with Iraq accounted for some of the increase.

Investment income

The deficit on investment income increased to \$22.5 billion in 1998 from \$5.3 billion in 1997 (table D). For receipts, growth slowed abruptly, as U.S. direct investment receipts fell for the first time since 1992 and as “other” private receipts were up substantially less than in 1997. U.S. Government receipts were virtually unchanged. For payments, “other” private payments increased strongly again in 1998, U.S. Government payments increased much less than in 1997, and foreign direct investment payments changed little.

Direct investment income.—Receipts of income on U.S. direct investment abroad were \$100.4 billion in 1998, down from \$109.4 billion in 1997 (table M, chart 8).

Manufacturing earnings slowed sharply, reflecting a broad-based slowdown in economic growth in Western Europe and Canada and a recession in Japan. Manufacturing earnings were also held down by financial problems in Asia and Latin America, particularly in Brazil. Petroleum earnings fell substantially as a result of sizable declines in petroleum prices in world markets; earnings of petroleum affiliates in Canada, Western Europe, and Latin America were all down. “Other” earnings increased slightly. Despite sizable losses by

Table M.—Direct Investment Income and Capital

[Millions of dollars, quarters seasonally adjusted]

	1996	1997	1998 ^P	1998			
				I ^r	II ^r	III ^r	IV ^P
Income							
Income receipts on U.S. direct investment abroad	99,802	109,407	100,447	26,426	25,883	22,808	25,329
Distributed earnings	43,046	42,726	36,036	10,149	7,987	10,184	7,714
Reinvested earnings	54,584	64,310	61,232	15,613	17,114	11,745	16,759
Interest, net,	2,172	2,371	3,179	664	782	879	856
Income payments on foreign direct investment in the United States	-33,641	-45,674	-45,796	-10,796	-10,667	-11,694	-12,642
Distributed earnings	-13,564	-13,606	-14,351	-3,146	-4,141	-3,416	-3,648
Reinvested earnings	-11,213	-22,524	-19,555	-5,002	-3,445	-5,148	-5,961
Interest, net	-8,864	-9,545	-11,892	-2,648	-3,081	-3,130	-3,033
Capital							
U.S. direct investment abroad (increase/capital outflow (-))	-81,072	-121,843	-131,933	-34,698	-40,966	-23,283	-32,983
Equity capital	-25,048	-45,705	-58,249	-13,136	-19,414	-12,387	-13,312
Reinvested earnings	-54,584	-64,310	-61,232	-15,613	-17,114	-11,745	-16,759
Intercompany debt	-1,439	-11,828	-12,450	-5,949	-4,438	849	-2,912
Foreign direct investment in the United States (increase/capital inflow (+))	77,622	93,449	196,229	26,039	19,249	30,341	120,600
Equity capital	55,383	46,481	156,812	12,512	9,693	24,898	109,709
Reinvested earnings	11,214	22,524	19,555	5,002	3,445	5,148	5,961
Intercompany debt	11,026	24,444	19,861	8,525	6,111	295	4,930

^r Revised.

^P Preliminary.

finance affiliates in the financial turmoil of the third quarter, earnings of finance affiliates (except banking) recovered in the fourth quarter and ended the year unchanged.

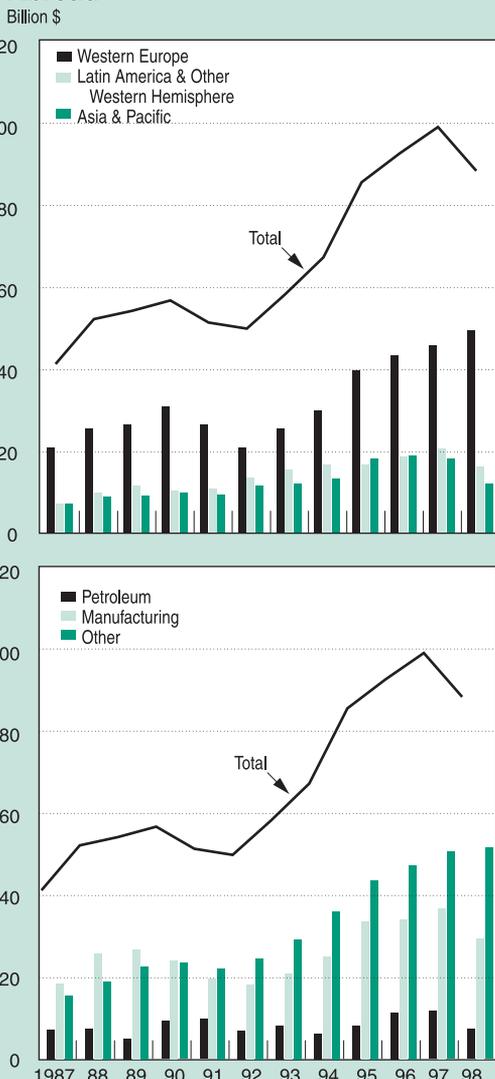
Payments of income on foreign direct investment in the United States were \$45.8 billion in 1998, little changed from \$45.7 billion in 1997 (table M, chart 9). Earnings of petroleum affiliates were less than half those in 1997, as petroleum prices fell sharply in world markets and refining margins were smaller. Earnings of manufacturing affiliates were only slightly higher than those in 1997, in contrast to much larger annual increases

in most recent years; a sizable decrease in chemical earnings offset much of the rise in earnings of other manufacturing affiliates. Earnings of "other" affiliates were down and included a sizable decrease for finance affiliates—particularly those of European parents.

"Other" private and U.S. Government income.—Receipts of income on "other" private investment increased to \$138.6 billion in 1998, up from \$128.8 billion in 1997 (table N, chart 10). Bank and nonbank receipts accounted for much of the increase, mostly as a result of higher claims outstanding. For bonds, higher outstandings were partly offset by declining interest rates; for stocks, dividends fell for the first time since 1982, as a result of a decline in dividend rates that more than offset an increase in outstandings.

CHART 8

Earnings on U.S. Direct Investment Abroad

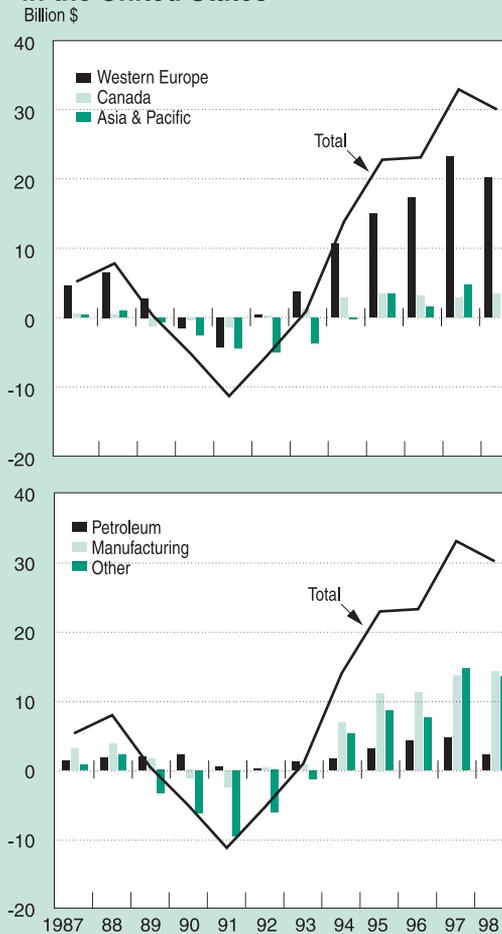


NOTE.—To be consistent with earnings by area and by industry, total earnings are shown in this chart without the current-cost adjustment and after deduction of withholding taxes, the only basis on which area and industry data are available.

U.S. Department of Commerce, Bureau of Economic Analysis

CHART 9

Earnings on Foreign Direct Investment in the United States



NOTE.—To be consistent with earnings by area and by industry, total earnings are shown in this chart without the current-cost adjustment and after deduction of withholding taxes, the only basis on which area and industry data are available.

U.S. Department of Commerce, Bureau of Economic Analysis

U.S. Government income receipts were virtually unchanged at \$3.6 billion in 1998.

Payments of income on "other" private investment increased to \$128.6 billion in 1998 from \$114.0 billion in 1997. Payments of income in all major categories—banks, nonbanks, stocks, and bonds—increased, as increases in amounts outstanding more than offset declines in interest rates and dividend rates (table N, chart 10).

Payments of income on U.S. Government liabilities increased to \$90.7 billion in 1998 from \$87.5 billion in 1997, as liabilities outstanding increased and interest rates decreased (table O).

Unilateral transfers

Net unilateral transfers were \$41.9 billion in 1998, compared with \$39.7 billion in 1997 (table O). Most of the increase was attributable to an increase in private remittances and other transfers, mainly from an increase in institutional remittances. U.S. Government grants were only slightly higher for the year and included the

Table N.—Other Private Income
[Billions of dollars]

	1996	1997	1998 ^P
Receipts	108.7	128.8	138.6
Dividends	20.7	25.3	24.2
Interest on bonds	26.7	28.0	29.8
Interest on bank claims	30.3	37.6	40.8
Interest on other claims ¹	31.1	37.9	43.8
Payments	97.9	114.0	128.6
Dividends	13.1	14.1	15.6
Interest on bonds	25.1	30.1	33.4
Interest on bank liabilities	39.5	44.7	48.1
Interest on other liabilities ¹	20.1	25.0	31.5

^P Preliminary.
¹ Primarily income of business concerns other than banks.
 NOTE.—Excludes direct investment income receipts and payments.

CHART 10

Private Investment Income

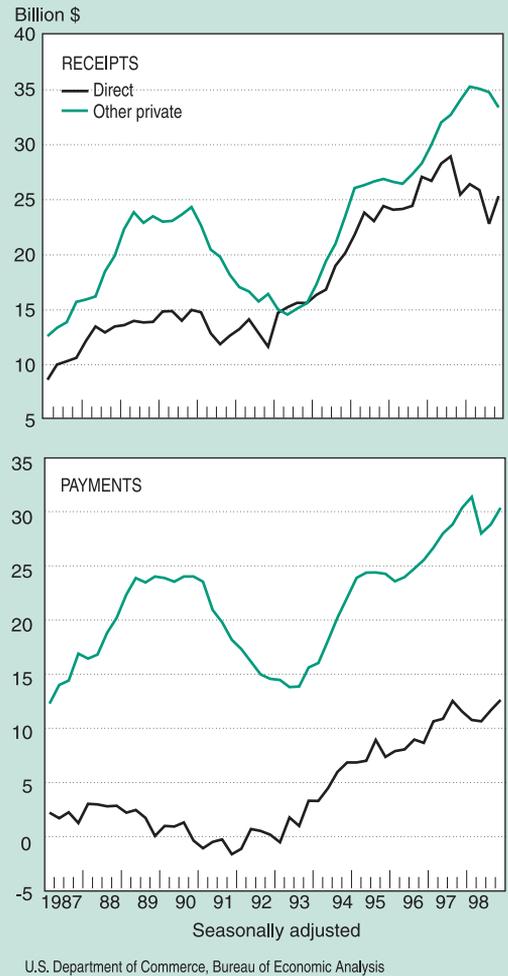


Table O.—Selected U.S. Government Transactions
[Millions of dollars]

	1996	1997	1998 ^P	1998			
				I	II	III ^r	IV ^P
U.S. Government grants	-15,023	-12,090	-12,492	-2,266	-2,063	-2,663	-5,500
For debt forgiveness		-179	-22	-5	(*)	-17	
Other disbursements	-15,023	-11,911	-12,470	-2,261	-2,063	-2,646	-5,500
U.S. Government credits and other long-term assets	-5,011	-5,302	-4,761	-1,189	-1,159	-1,285	-1,128
For debt rescheduling	-938	-1,183	-586	-192	-38	-305	-51
Other disbursements	-4,073	-4,118	-4,174	-997	-1,121	-979	-1,077
Repayments of U.S. Government credits and other long-term assets	4,197	5,504	4,211	1,177	722	1,321	991
From debt rescheduling	435	941	523	188	33	276	28
From debt forgiveness		139	19	5		14	
Other repayments	3,761	4,424	3,670	985	690	1,031	963
U.S. Government receipts of income	4,661	3,535	3,568	923	766	1,005	874
From debt rescheduling	150	180	53	1	1	29	23
From debt forgiveness		43	3	1	(*)	3	
Other receipts	4,510	3,313	3,511	922	765	974	851
U.S. Government payments of income	-67,418	-87,472	-90,738	-22,683	-22,960	-22,777	-22,318

^P Preliminary.
^r Revised.
^{*} Less than \$500,000 (±).

annual assistance extended to Israel under the Sinai Peace Accords.

Capital Account

Net recorded capital inflows—that is, the difference between changes in net U.S. assets abroad and in net foreign assets in the United States—were \$236.9 billion in 1998, compared with \$254.9 billion in 1997. The step-down in the increase in foreign assets in the United States was larger than the step-down in the increase in U.S. assets abroad.

U.S. assets abroad

U.S. assets abroad increased \$305.4 billion in 1998, compared with \$478.5 billion in 1997. The increase in U.S. claims reported by U.S. banks was substantially lower than in 1997.

U.S. official reserve assets.—U.S. official reserve assets increased \$6.8 billion in 1998, compared with an increase of \$1.0 billion in 1997. The increase in 1998 was mostly attributable to a \$5.1 billion increase in the U.S. reserve position in the International Monetary Fund (IMF), reflecting the IMF's extension of credit to Indonesia, the Republic of Korea, the Philippines, Thailand, Russia, and Brazil in response to weakened financial conditions in these countries. A \$1.5 billion increase in foreign currencies included \$0.8 billion in U.S. intervention purchases of Japanese

yen in mid-June as part of a coordinated intervention effort with Japanese monetary authorities to support the Japanese currency (table C).

Claims reported by U.S. banks.—Claims on foreigners reported by U.S. banks dropped sharply to an increase of \$31.0 billion in 1998 from an increase of \$147.4 billion in 1997 (tables P and Q). U.S.-owned banks and securities dealers provided far fewer funds to the Eurodollar interbank market and to mutual funds in the Caribbean than in 1997. Foreign-owned banks also provided fewer funds to foreigners, but the drawback was not as large. Key factors reducing the flow of funds were lower foreign demand for funds throughout the year and a reassessment by U.S. banks and securities dealers of their cross-border risk exposure, in response to unsettled conditions in global financial markets late in the third quarter and in the fourth quarter.

Banks' own claims payable in dollars increased \$18.1 billion, down sharply from an increase of \$108.3 billion. In the first quarter, claims decreased, reflecting a reversal from the huge expansion in interbank activity in the fourth quarter of 1997, when financial problems in Asia first intensified and U.S.-owned banks borrowed to meet heavy demand for credit in the Eurodollar market. In the second quarter, interbank lending by foreign-owned banks was strong. Claims, particularly on Western Europe, were also boosted substantially by the transfer of claims by recently merged banks to U.S. domestic offices from foreign offices. These transactions

Table P.—Private Capital Flows, Net

[Billions of dollars]

Claims (increase/capital outflow (-)); liabilities (increase/capital inflow (+))	1996	1997	1998 ^P	1998			
				I	II	III ^r	IV ^P
Private capital flows	61.3	240.0	267.0	36.0	66.9	87.0	77.0
Bank-reported capital, net ¹	-75.1	.7	11.6	-47.4	13.1	45.0	.9
U.S. claims	-91.6	-147.4	-31.0	3.1	-24.6	-32.0	22.5
U.S. liabilities ¹	16.5	148.1	42.6	-50.5	37.7	77.0	-21.6
Securities, net	169.4	255.5	176.0	68.3	70.0	35.7	1.9
Net U.S. purchases of foreign securities	-115.8	-88.0	-89.4	-7.0	-27.9	17.1	-71.6
Stocks	-60.0	-41.3	-75.9	-3.4	-1.0	8.3	-79.8
Bonds	-55.8	-46.7	-13.5	-3.6	-26.9	8.8	8.2
Net foreign purchases of U.S. securities	285.2	343.5	265.4	75.3	97.9	18.6	73.5
U.S. Treasury securities	155.0	146.7	48.1	-1.7	26.9	-1.4	24.3
Other than U.S. Treasury securities	130.2	196.8	217.3	77.0	71.0	20.0	49.2
Stocks	11.3	66.0	46.2	29.3	14.1	-5.5	8.3
Bonds	118.9	130.8	171.0	47.7	56.9	25.5	40.9
U.S. currency flows, net	17.4	24.8	16.6	.7	2.3	7.3	6.3
Direct investment, net	-3.5	-28.4	64.4	-11.7	-22.2	7.4	90.9
U.S. direct investment abroad	-81.1	-121.8	-131.9	-37.3	-41.9	-24.0	-28.7
Foreign direct investment in the United States	77.6	93.4	196.3	25.6	19.7	31.4	119.6
Nonbank-reported capital, net	-46.9	-12.6	-1.6	26.1	3.7	-8.4	-23.0
U.S. claims	-86.3	-120.4	-45.4	-6.6	-14.3	-20.3	-4.2
U.S. liabilities	39.4	107.8	43.8	32.7	18.0	11.9	-18.8

^r Revised.

^P Preliminary.

1. Liabilities exclude U.S. Treasury securities.

continued in the third quarter as well. In the third quarter, there were partly offsetting movements. Foreign-owned banks in the United States sharply increased their lending, mostly to home offices in August and September, when demand for bank credit abroad accelerated. This increase in claims was partly offset by a reduction in U.S.-owned banks' claims on their offices in the United Kingdom and by a cutback in U.S. securities dealers' loans to international bond mutual funds in the Caribbean, mainly in response to problems associated with the near failure of a large U.S. hedge fund. In the fourth quarter, foreign-owned banks repaid some of the debt that was acquired in the third quarter, particularly in view of heightened concerns over risk exposure. U.S.-owned banks withdrew outstanding loans and extended few new loans, except for credits to their own foreign offices abroad to meet yearend bookkeeping needs.

Banks' own claims payable in foreign currencies decreased \$12.2 billion in 1998, compared with an increase of \$20.7 billion in 1997. In 1998, foreign currency claims were reduced by large repayments from Japan in the first half of the year.

Banks' domestic customers' claims increased \$25.1 billion in 1998, compared with an increase of \$18.4 billion in 1997. In 1998, a rebooking of foreign currencies late in the year accounted for most of the increase in customers' claims.

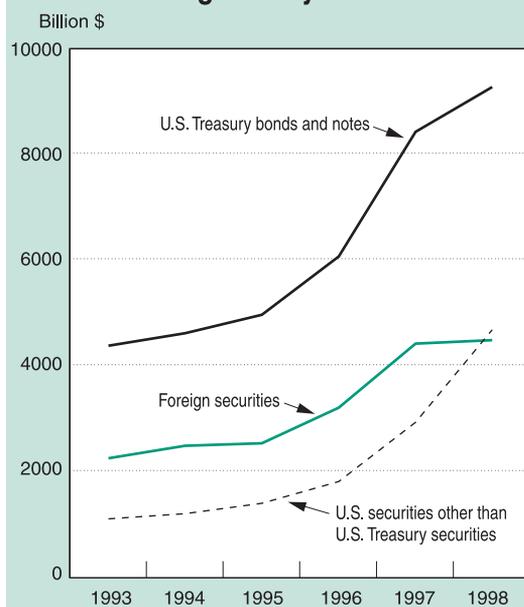
Foreign securities.—Net U.S. purchases of foreign securities were \$89.4 billion, up from \$88.0 billion in 1997. Excluding the effect of two extraordinarily large acquisitions in the fourth quarter that boosted U.S. purchases of foreign stocks, net U.S.

purchases of foreign securities were \$3.8 billion in 1998, down sharply from \$88.0 billion in 1997; stocks shifted to net sales of \$9.6 billion from net purchases of \$41.3 billion, and net purchases of bonds slowed to \$13.4 billion from \$46.7 billion. (The acquisitions are recorded in table 1, line 57, "Foreign direct investment," and the offsets are recorded in line 45, "Foreign securities," and in line 60, "U.S. securities other than U.S. Treasury securities") (table P, charts 11 and 14).

European and Canadian stock prices rose substantially until midyear, mostly as investors

CHART 11

Gross Trading Activity



U.S. Department of Commerce, Bureau of Economic Analysis

Table Q.—U.S. Bank-Reported Claims and Liabilities by Type

[Billions of dollars]

	1996	1997	1998 ^a	1998			
				I	II	III ^r	IV ^p
Claims on foreigners reported by U.S. banks (increase/capital outflow (-))	-91.6	-147.4	-31.0	3.1	-24.6	-32.0	22.5
Banks' claims for own accounts, payable in dollars:							
Own foreign offices	-34.1	-90.1	-44.3	29.3	-32.8	-40.4	-4
Unaffiliated banks	-12.1	4.5	4.0	1.4	.3	-1.1	3.4
Public borrowers and other foreigners	-21.4	-22.7	22.3	-10.1	-7.8	11.9	28.2
Banks' claims for domestic customers' accounts, payable in dollars	-25.0	-20.9	-3.4	-17.7	1.3	-4.1	17.1
Claims payable in foreign currencies	1.0	-18.2	-9.6	.2	14.4	1.7	-25.8
Liabilities to foreigners reported by U.S. banks (excluding U.S. Treasury securities) (increase/capital inflow (+))¹	16.5	148.1	42.6	-50.5	37.7	77.0	-21.6
Banks' liabilities for own accounts, payable in dollars:							
Own foreign offices	5.3	83.4	78.8	-45.2	38.6	65.7	19.7
Unaffiliated banks	-10.2	-3.8	-43.6	-12.0	9.4	-10.7	-30.3
Other private foreigners and international financial institutions	14.5	22.4	-10.5	15.8	-5.4	-5.6	-15.3
Banks' custody liabilities, payable in dollars	10.0	26.4	37.2	7.3	5.1	24.7	.1
Liabilities payable in foreign currencies	-3.1	19.7	-19.3	-16.4	-10.0	2.9	4.2

^a Revised.^p Preliminary.¹ Excludes liabilities to foreign official agencies.

became more confident in an environment of low inflation, of low interest rates, of continued—though slowing—economic growth, and of anticipation of the European Monetary Union. Then, partly in response to concerns of a potential global economic slowdown arising from developments in Russia, Asia, and Latin America, European and Canadian stock prices fell sharply in the third quarter, before rebounding strongly in the fourth. On average, European stock prices gained 26 percent from yearend 1997 to yearend 1998. However, stock prices in most Asian markets, including Japan, and in Latin America continued to decline; on average, Japanese stock prices declined 10 percent, Asian emerging market prices declined 8 percent, and Latin American prices declined 38 percent (chart 12). Foreign bond prices rose throughout the year, rising an average of 2 percentage points for the year; foreign bond markets were particularly unsettled in August.

U.S. institutional investors reduced their holdings of foreign securities in 1998. The share of pension fund assets invested abroad declined to 14 percent in 1998 from 18 percent in 1997. The decline in value reflected larger market price depreciation of foreign equities than of U.S. equities and modest sales of riskier emerging market securities. The decline in foreign equity holdings was partly offset by a small shift to purchases

of less risky foreign bonds. The share of mutual fund assets invested abroad decreased to 5 percent in 1998 from 15 percent in 1997. The reduction in share reflected the pronounced sell-off of emerging market debt instruments from August to December.

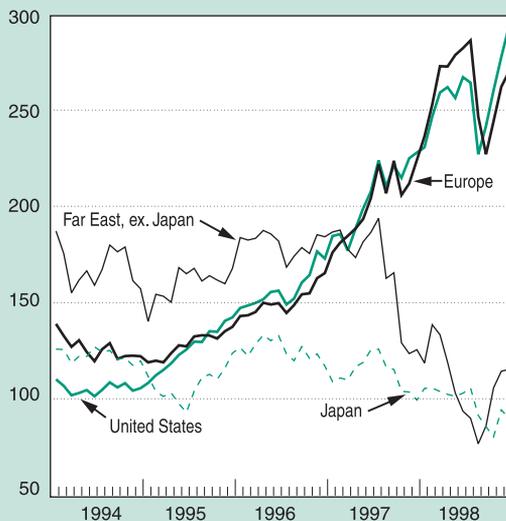
Excluding the effect of the two extraordinarily large acquisitions mentioned earlier, transactions in foreign stocks shifted to net sales of \$9.6 billion in 1998 from net purchases of \$41.3 billion in 1997. Net purchases were limited in the first half of 1998 and then shifted to large net sales in the second half. Since the fourth quarter of 1997, U.S. investors have been cautious in their overseas investing, responding first to the Asian financial crisis in the fourth quarter of 1997 and its implications for slower economic growth and then in the second half of 1998, responding to the multiple financial shocks from Russia and Brazil and to the continuing Asian slump. The shift to net sales was most pronounced in Western Europe, particularly the United Kingdom, where the London market serves as a trading center for stocks from many countries. Net sales to Western Europe were \$26.8 billion in 1998, in contrast to net purchases of \$15.0 billion in 1997. Net sales to Canada were \$3.7 billion, in contrast to net purchases of \$1.3 billion; net sales to Latin America increased to \$3.7 billion from \$1.0 billion; and net purchases from Japan were \$3.2 billion, down from \$9.5 billion. Investment in other Asian emerging markets continued, with net purchases of \$4.4 billion after net purchases of \$5.1 billion. Net purchases from the Caribbean were \$12.2 billion, following net purchases of only \$1.7 billion. Trading activity in foreign stocks—that is, gross purchases plus gross sales—increased 26 percent in 1998, following a 53-percent increase in 1997.

Net U.S. purchases of foreign bonds were \$13.4 billion in 1998, down from \$46.7 billion in 1997. Placements of foreign new issues in the U.S. market declined, and net sales of outstanding bonds, including redemptions, increased. New issues were \$55.2 billion, down from \$71.0 billion. The highest rated corporate and government borrowers in Europe and Canada continued to place a relatively large amount of new issues in the U.S. market throughout the year, but new issues by emerging market countries fell substantially, particularly after midyear, in response to adverse financial developments in Russia, Latin America, and Asia. Net sales of outstanding bonds, including redemptions, increased to \$41.8 billion from \$24.2 billion, reflecting falling interest rates and higher risk premiums attached to all bonds late

CHART 12

Selected Stock Price Indexes in Local Currencies

December 1992=100



Source: Morgan Stanley Capital International.
Indexes rebased by BEA.

U.S. Department of Commerce, Bureau of Economic Analysis

in the year (chart 13). Trading activity in foreign bonds dropped 12 percent in 1998, reflecting the heightened risk inherent in holding emerging market debt; in 1997, trading activity increased 33 percent.

Direct investment.—Net capital outflows for U.S. direct investment abroad were \$131.9 billion in 1998, up from \$121.8 billion in 1997. Increased outflows of net equity capital and a small increase in net intercompany debt outflows were partly offset by a decrease in reinvested earnings (table M).

Net equity capital outflows increased to a record \$58.2 billion from \$45.7 billion. Outflows were up 27 percent from 1997, mostly reflecting the continued desire of U.S. companies to acquire a select number of very large, primarily British, companies in order to capitalize on new market opportunities and to enter foreign markets where potential growth is high. Although acquisitions were widespread by industry, the largest were in finance, insurance, manufacturing, and "other" industries. Net intercompany debt outflows increased to \$12.5 billion from \$11.8 billion. Reinvested earnings decreased to \$61.2 billion from \$64.3 billion.

Foreign assets in the United States

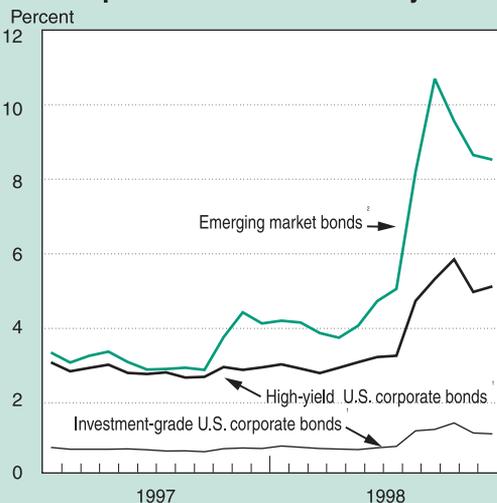
Foreign assets in the United States increased \$542.5 billion in 1998, compared with an in-

crease of \$733.4 billion in 1997. Foreign direct investment in the United States, boosted by some exceptional transactions, was sharply higher; net foreign purchases of U.S. securities other than U.S. Treasury securities were also higher. These changes were more than offset by substantially lower net foreign purchases of U.S. Treasury securities and a much smaller increase in liabilities reported by U.S. banks.

Foreign official assets.—Foreign official assets in the United States decreased \$22.1 billion in 1998, in contrast to a \$15.8 billion increase in 1997 (table C). The decrease in 1998 was attributable to several major factors. In early June, Japanese officials, in coordination with U.S. monetary officials, intervened in the exchange markets to support the Japanese yen. In mid-August and in September, the Russian debt moratorium and

CHART 13

Bond Spreads over U.S. Treasury Securities



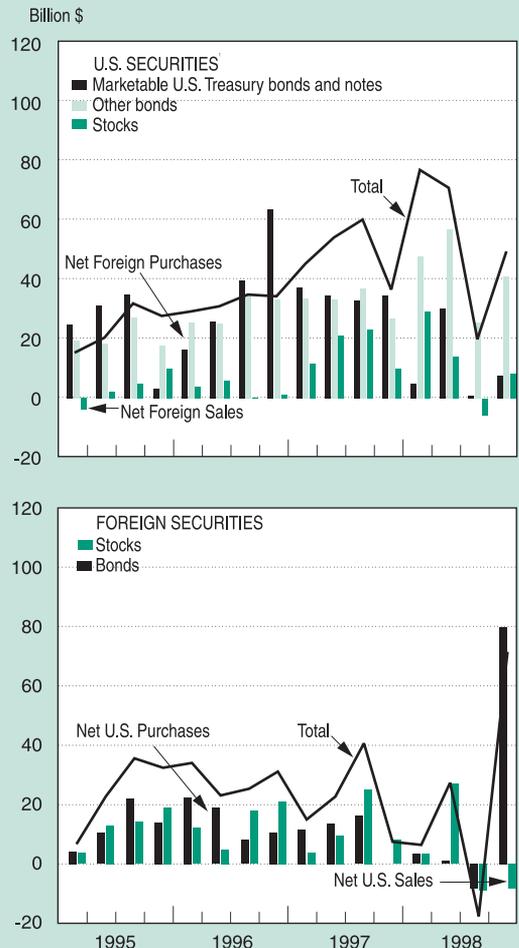
1. Source: Merrill Lynch

2. Source: J.P. Morgan. Emerging Market Bond Index Plus, EMBI+, represents external currency denominated debt in emerging markets. It is comprised mostly of U.S. dollar issues.

U.S. Department of Commerce, Bureau of Economic Analysis

CHART 14

Securities Transactions



1. Excluding transactions of foreign official agencies.

U.S. Department of Commerce, Bureau of Economic Analysis

ruble devaluation contributed indirectly to renewed uncertainty in Asian financial markets and capital flight, leading these countries to reduce official assets in the United States. As financial problems spread to other developing countries, several Latin American countries were forced to reduce assets in the United States by even more sizable amounts than the reduction in assets of Asian countries. In November and December, as the uncertainties in both Latin America and Asia lessened, reductions in Latin American assets ceased, and Asian countries made small additions to their assets in the United States.

Liabilities reported by banks.—Liabilities to foreigners reported by U.S. banks, excluding U.S. Treasury securities, increased \$42.6 billion in 1998, compared with an increase of \$148.1 billion in 1997 (tables P and Q). Incentives for foreigners to place funds with banks in the United States rather than in other countries lessened during the year, and in the fourth quarter, foreigners withdrew deposits to repay outstanding indebtedness elsewhere. In addition, U.S. banks had much less need to borrow from abroad for re-lending to the Eurodollar interbank market, particularly in the fourth quarter.

Banks' own liabilities payable in dollars increased \$24.6 billion, down sharply from a \$102.1 billion increase. In the first quarter, foreign-owned banks repaid large amounts of funds that had been borrowed from foreign offices in the fourth quarter in order to fund strong interbank demand in the Eurodollar interbank market that was related to the first intensification of Asian financial problems. Japanese banks in the United States, however, continued to rely on the unusually large amount of funds advanced to them by parent banks in Japan in the fourth quarter of 1997, and they repaid only a small part of the borrowing in the first quarter. In the second quarter, liabilities of foreign-owned banks increased strongly, particularly to Caribbean banking centers. In the third quarter, both foreign-owned and U.S.-owned banks received an exceptionally large amount of funds from abroad through their own foreign offices, as foreigners faced escalating uncertainties in financial markets, and U.S. banks borrowed heavily from abroad to finance large-scale overseas lending. This borrowing was directly related to uncertainties created by the financial problems experienced in Russia, Brazil, and other developing countries. Second- and third-quarter increases were also boosted substantially by the transfer of liabilities by recently merged banks to U.S. domestic offices from for-

eign offices in Western Europe. In the fourth quarter, U.S. banks borrowed much less from abroad, and large repayments of third-quarter borrowing occurred as market participants withdrew from cross-border activity as a result of renewed intensification of financial problems in developing countries. There were continued withdrawals of funds from U.S.-owned banks by bond mutual funds in the Caribbean to repay outstanding debt, particularly from September through November.

Banks' custody liabilities increased \$37.2 billion in 1998, up from an increase of \$26.4 billion in 1997. Most of the increase in 1998 was attributable to unusual developments in the third quarter that led some U.S. borrowers to shift short-term funding from the securities market to the banking market.

Banks' liabilities payable in foreign currencies decreased \$19.3 billion in 1998, in contrast to an increase of \$19.7 billion in 1997. Most of the decrease in 1998 was in the first half of the year.

U.S. Treasury securities.—Net foreign purchases of U.S. Treasury securities were \$48.1 billion in 1998, down substantially from near record net purchases of \$146.7 billion in 1997 (table P, charts 11 and 14). The substantial reduction occurred despite a sustained differential between U.S. Government and most foreign government bond yields that favored U.S. bonds. Net purchases were limited early in the year when foreign investors sought higher yielding U.S. corporate securities and other investments in Europe; only later in the year, when heightened concerns about risk shifted the emphasis to quality was there a resumption of net purchases, though at a much slower pace than the quarterly rates in 1997. The greater awareness of risk and the emphasis on quality followed directly from the Russian announcement of a moratorium on its debt payments, Brazil's failure to meet IMF conditionality terms, and the renewed deterioration in financial conditions in many developing countries. These conditions contributed to a surge in U.S. Treasury bond prices that sent the yield on the benchmark 30-year bond in October to its lowest level since 1967.

Net purchases by Western Europeans were \$23.4 billion, down from \$127.8 billion; net purchases slowed throughout the year and shifted to net sales in the fourth quarter. As the commencement of the European Monetary Union approached, rates of inflation among member countries became less disparate, and interest rates converged, leading to an increasingly positive

outlook for European assets and to a reduced desire to hold dollar assets. Consequently, the demand for U.S. Treasury securities lessened. In addition, international bond mutual funds in the Caribbean were net sellers of U.S. Treasury securities, particularly in the first quarter, when corporate bonds were attractive, and again in the second half of the year, when U.S. Treasury securities were sold to cover losses on emerging market debt and to pay back loans after the near failure of a large hedge fund in the United States. Trading activity in Treasury securities—that is, gross purchases plus gross sales—increased 10 percent in 1998, following a 39-percent increase in 1997.

U.S. currency flows.—Net outflows of U.S. currency were \$16.6 billion in 1998, compared with a record \$24.8 billion in 1997 (table P). Shipments in late 1997 to the Eastern European area had been bolstered by concerns over the redenomination of the Russian ruble in January 1998. This precautionary buildup reduced the need for shipments to banks early in 1998 as foreigners drew on their stockpiled dollars. As the economic and political situation in Russia worsened throughout the year, large shipments did not resume, partly as a result of the difficulty that currency-importing banks had in raising funds for payment, given the profound deterioration in their financial condition, and partly as a result of weak consumption in the Russian economy.

There were also indications that Russia's demand for currency from the United States declined because new market developments enabled Russia to obtain recirculated, counterfeit-resistant U.S. currency from European banks. Shipments of currency to Latin America increased as deteriorating financial conditions in a few countries in the last half of the year induced a much greater demand for U.S. currency.

Other U.S. securities.—Net foreign purchases of U.S. securities other than U.S. Treasury securities were a record \$217.3 billion in 1998, compared with \$196.8 billion in 1997. Excluding the small offsets to the two extraordinary acquisitions recorded in table 1, line 57, "Foreign direct investment", net foreign purchases of U.S. bonds were a record \$171.1 billion, up from \$130.9 billion, and net purchases of U.S. stocks were \$52.5 billion, down from a record \$66.0 billion (table P, charts 11 and 14).

During the first half of 1998, when nearly 70 percent of bond and stock purchases occurred for the year, net foreign purchases were encouraged by strong U.S. economic growth, falling interest rates, low inflation, and dollar appreciation in exchange markets. These conditions contributed to a 17-percent increase in U.S. stock prices and an increase of nearly 1 percentage point in U.S. bond prices. During the second half of the year, net foreign purchases were sharply curtailed, mostly in the third quarter when Russia

Table R.—New International Bond Issues by U.S. Borrowers

[Millions of dollars]

	1996	1997	1998 ^P	1998			
				I	II	III ^r	IV ^P
Total	64,858	96,569	85,856	23,564	21,558	20,734	20,000
By issuer:							
Industrial corporations	2,410	8,188	4,362	1,197	1,387	1,275	503
Banking corporations ¹	15,539	24,473	6,980	3,778	1,608	462	1,132
Nonbank financial corporations ²	27,741	46,779	41,327	9,752	12,482	11,558	7,535
U.S. federally sponsored agencies	11,413	11,792	32,588	8,444	5,894	7,420	10,830
All other borrowers	7,755	5,336	599	393	187	19	
By instrument:							
<i>Of which:</i> Issued through medium-term note programs	13,869	6,259					
Straight fixed-rate bonds	39,254	56,456	66,269	18,062	14,730	14,877	18,600
Floating-rate notes	24,195	36,397	16,547	3,403	6,380	5,364	1,400
Zero-coupon bonds	298	2,375	479	295	25	159	
Bonds convertible into stock	801	633	1,204	1,081		123	
Other debt instruments	310	709	1,358	724	423	211	
By currency:							
U.S. dollars	39,572	64,215	55,194	16,197	13,483	11,588	13,926
Foreign currencies	25,286	32,354	30,663	7,367	8,075	9,146	6,075
Japanese yen	5,416	2,969	1,586	688	118	747	33
Swiss franc	1,762	3,714	3,218	1,179	505	967	567
German mark	8,372	4,847	4,354	1,215	1,657	495	987
British pound	2,363	6,529	10,183	1,080	1,520	4,425	3,158
European currency unit		485	3,940	353	2,044	761	782
Canadian dollar	147	258	252	37	38	134	43
Other currencies	7,226	13,550	7,130	2,816	2,193	1,617	504

^r Revised.
^P Preliminary.

1. Includes banks and bank holding companies.
2. Principally credit, securities, brokerage, and insurance companies.

announced its debt moratorium, when a large U.S. hedge fund nearly failed, and when several emerging countries experienced severe difficulties in their financial markets. U.S. stock prices, which fell 10 percent in the third quarter, rose 22 percent in the fourth. U.S. corporate bond prices, after rising nearly 1½ percentage points in

the third quarter, fell ¾ of a percentage point in the fourth.

Net foreign purchases of U.S. bonds were a record \$171.1 billion in 1998, surpassing the record of \$130.9 billion in 1997. Net purchases of outstanding bonds were \$68.8 billion, up from \$1.0

Table S.—Selected U.S. Transactions With OPEC Members

[Millions of dollars]

(Credits +; debits -)	1984	1985	1986	1987	1988	1989	1990 ^r	1991 ^r	1992 ^r	1993 ^r	1994 ^r	1995 ^r	1996 ^r	1997 ^r	1998 ^p
Exports of goods, services, and income:															
Goods, adjusted, excluding military	13,775	11,397	10,386	10,714	13,777	12,669	12,712	18,446	19,726	18,692	17,113	18,326	20,274	24,156	23,349
Transfers under U.S. military agency sales contracts	3,241	2,890	2,992	2,781	1,430	1,309	2,687	3,809	4,454	3,675	2,936	4,473	4,941	4,799	5,212
Royalties and license fees ¹	75	84	48	103	77	71	94	149	161	220	357	394	268	301	280
Other private services ¹	2,611	2,482	² 2,270	1,939	1,516	1,541	1,547	2,029	2,708	2,363	2,239	2,343	3,186	3,129	3,227
U.S. Government miscellaneous services	48	41	15	25	18	16	20	16	22	13	14	17	11	10	10
Income receipts on U.S. assets abroad:															
Direct investment receipts	3,366	2,485	1,858	1,965	1,875	1,835	2,854	3,293	3,224	2,745	2,701	3,966	4,218	4,317	2,677
Other private receipts	2,453	1,995	1,535	1,680	1,941	2,435	2,326	1,441	1,202	1,045	1,470	1,593	1,494	1,775	1,834
U.S. Government receipts	212	222	196	167	215	154	261	217	187	141	122	195	337	263	236
Imports of goods, services, and income:															
Goods, adjusted, excluding military	-26,853	-22,834	-18,893	-24,416	-23,016	-29,243	-37,024	-33,431	-32,377	-32,644	-31,674	-34,257	-42,664	-44,018	-34,152
Direct defense expenditures	-1,440	-962	-494	-370	-377	-614	-1,419	-784	-883	-455	-360	-335	-545	-939	-1,626
Royalties and license fees ¹	^(D)	^(D)	^(D)	^(*)	-6	-1	^(*)	-1	-1	-37	-7	-2	-36	-5	-7
Other private services ¹	^(D)	^(D)	² ^(D)	-253	-259	-245	-330	-483	-410	-361	-430	-480	-665	-618	-634
U.S. Government miscellaneous services	-116	-120	-102	-118	-96	-104	-96	-87	-47	-26	-39	-34	-31	-31	-30
Income payments on foreign assets in the United States:															
Direct investment payments	38	-72	114	-78	164	-50	-98	-93	182	-82	-49	-34	-187	-414	-310
Other private payments	-3,094	-2,499	-1,916	-1,837	-2,175	-2,798	-2,892	-2,669	-2,302	-2,176	-1,964	-2,955	-2,799	-3,105	-3,081
U.S. Government payments	-4,806	-4,241	-3,141	-2,586	-2,141	-2,758	-3,215	-2,696	-2,416	-2,127	-1,747	-2,192	-2,464	-3,808	-3,819
U.S. Government grants	-66	-62	-74	-84	-97	-130	3,368	27,422	1,019	-196	-203	-195	-145	-46	-33
U.S. Government pensions and other transfers	-8	-9	-21	-25	-20	5	-25	-305	-32	-27	-28	-27	-94	-57	-45
U.S. assets abroad, net (increase/capital outflow (-))	-1,138	2,005	-945	-571	-782	-1,875	1,847	-577	-12,161	-513	-3,107	538	-5,904	-10,261	-10,920
U.S. Government assets, other than official reserve assets, net	-92	-7	158	141	-59	135	-253	-788	-528	19	-422	-506	-179	142	-363
U.S. credits and other long-term assets	-425	-358	-195	-165	-396	-212	-647	-246	-275	-85	-234	-920	-898	-406	-84
Repayments on U.S. credits and other long-term assets	331	348	349	308	344	343	481	397	278	224	177	205	555	573	128
U.S. foreign currency holdings and U.S. short-term assets, net	2	3	4	-2	-7	4	-87	-939	-531	-120	-365	209	164	-25	-407
U.S. private assets, net	-1,046	2,012	-1,103	-712	-723	-2,010	2,100	211	-11,633	-532	-2,685	1,044	-5,725	-10,403	-10,557
Direct investment	-1,665	331	-1,357	-64	1,133	535	-1,277	-2,706	-1,465	-1,597	-3,575	-2,379	-1,991	-3,478	-2,698
Foreign securities	324	156	33	58	-365	96	-2,815	-17	337	-679	-2,077	-675	-2,880	-3,944	-683
U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	171	208	43	81	41	100	13	-224	-44	-306	-146	-25	-478	-336	377
U.S. claims reported by U.S. banks, not included elsewhere	124	1,317	178	-787	-1,532	-2,741	6,179	3,158	-10,461	2,050	3,113	4,123	-376	-2,645	-7,553
Foreign assets in the United States, net (increase/capital inflow(+))	-3,133	-3,393	-9,380	-5,371	-728	15,282	3,320	-4,416	14,529	-8,904	1,400	5,393	19,248	16,405	-5,410
Of which: foreign official	-4,664	-6,644	-9,308	-9,939	-2,885	10,724	1,555	-5,235	5,626	-3,850	-1,464	4,058	14,910	10,822	-7,511
U.S. Treasury securities	-3,501	-1,389	-4,938	-5,398	1,688	7,815	-244	-5,902	4,323	-6,302	-1,668	1,829	16,159	8,423	-14,175
Other U.S. securities	-3,228	-2,327	-1,746	-1,808	-2,591	3,170	-2,676	1,989	4,186	3,322	-820	1,592	217	3,470	4,762
Other U.S. Government liabilities	838	23	-427	-957	177	437	505	151	569	730	1,797	614	-177	-1,121	2,197
U.S. liabilities reported by U.S. banks, not included elsewhere	3,458	325	-1,459	2,405	-1,146	1,836	5,686	-164	4,793	-5,665	1,677	1,059	1,813	4,153	1,905
Direct investment in the United States	747	176	510	296	1,629	1,503	-662	81	167	-812	251	-140	685	672	-375
U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-1,447	-201	-1,320	91	-485	521	711	-571	491	-177	163	439	551	808	276
All other transactions with OPEC and transfers of funds between foreign areas, net	15,086	10,876	15,834	16,335	8,684	2,501	14,063	-11,280	3,215	18,654	11,256	3,273	1,557	8,147	23,242
Memorandum:															
Balance on goods	-13,078	-11,437	-8,507	-13,702	-9,239	-16,574	-24,312	-14,985	-12,651	-13,952	-14,561	-15,931	-22,390	-19,862	-10,803

^D Suppressed to avoid disclosure of data of individual companies.

^r Revised.

^p Preliminary.

¹ Less than \$500,000 (±).

1. Beginning in 1982, these lines are presented on a gross basis. The definition of exports is revised to exclude U.S. parents' payments to foreign affiliates and to include U.S. affiliates' receipts from foreign parents.

The definition of imports is revised to include U.S. parents' payments to foreign affiliates and to exclude U.S.

affiliates' receipts from foreign parents.

2. Break in series. See Technical Notes in June 1989 and June 1990 SURVEY.

NOTE.—OPEC members are Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela. Excludes Ecuador beginning in January 1993 and Gabon in January 1995. Individual country information is not available for all accounts; therefore, some accounts are estimated from regional data.

billion. Foreigners purchased large amounts of outstanding bonds throughout the year, except in the third quarter and the early part of the fourth quarter when credit conditions in the bond market deteriorated significantly. New bonds issued abroad by U.S. corporations were \$85.9 billion, down from the record of \$96.6 billion in 1997 (table R). A large portion of new issues was to refinance existing debts at long-term interest rates that were much below those in 1997 and to take advantage of the favorable swap market, which allowed companies to borrow internationally at well below bank rates. Banking corporations borrowed much less during 1998, U.S. federally sponsored agencies borrowed more, and nonbank financial corporations borrowed about the same amount. Straight fixed-rate issues continued to dominate the market. The dollar remained the most popular currency of issue. Trading activity in bonds increased 42 percent in 1998, compared with an increase of 59 percent in 1997.

Excluding the two extraordinary acquisitions mentioned earlier, net foreign purchases of U.S. stocks were \$52.5 billion in 1998, down from a record \$66.0 billion in 1997. Over 90 percent of net purchases occurred in the first half of 1998. Net sales of U.S. stocks occurred in the third

quarter when unsettled conditions encompassed world financial markets and threatened to slow U.S. economic growth. However, investors returned as net purchasers in the fourth quarter when concerns about cross-border risk lessened, encouraged partly by the Federal Reserve System's three reductions in the federal funds target rate in the September-November period and by reports of a brisk-paced, low-inflation U.S. economy. Net purchases by Western Europe were \$70.3 billion, up from \$57.3 billion. A step-up in the first half of the year, when market performance was robust, more than accounted for the year-to-year increase; net purchases were sharply lower in the second half when the market was especially volatile. Partly offsetting the annual increase were large net sales from the Caribbean, especially in the third quarter. Although net foreign purchases were lower in 1998, trading activity in stocks increased 60 percent, up from 56 percent in 1997, reflecting rapidly changing conditions in financial markets, particularly in the last half of the year.

Direct investment.—Net capital inflows for foreign direct investment in the United States were a record \$196.2 billion in 1998, up from the previous record of \$93.4 billion in 1997. Net equity capital inflows increased sharply, net intercompany debt inflows decreased, and reinvested earnings decreased (table M).

Net equity capital inflows of \$196.2 billion, up from \$93.4 billion, were dominated by two exceptionally large foreign acquisitions of petroleum and manufacturing companies in the fourth quarter by exchanges of stock in U.S. firms for stock in newly established foreign parent firms. However, even if these transactions are excluded, net equity capital inflows in 1998 exceeded those in 1997 by approximately \$11.0 billion. The strength and stability of the U.S. economy continued to attract sizable equity capital inflows from abroad, mostly from Europe. Intercompany debt inflows decreased to \$19.9 billion from \$24.4 billion. Reinvested earnings decreased to \$19.6 billion from \$22.5 billion.

Tables 1 through 10 follow. 

Data Availability

The current and historical estimates of the U.S. international transactions accounts are available as downloadable files on BEA's Web site at <www.bea.doc.gov>; click on Catalog of Products, and look under International Accounts Products, Balance of Payments.

The estimates are also available on diskette from BEA as follows:

- **U.S. International Transactions.** The most recently released annual and quarterly estimates are available as an annual subscription (four installments) that also includes a diskette of the historical estimates (see below)—product number IDS-0001, price \$80.00.

- **U.S. International Transactions, Fourth Quarter 1998.** The annual estimates for 1998 and quarterly estimates for 1997:1-1998:IV are available on a single diskette—product number IDN-0212, price \$20.00.

- **U.S. International Transactions, Historical Series.** The historical annual and quarterly estimates are available on a single diskette—product number IDN-0204, price \$20.00.

To order, call the BEA Order Desk at 1-800-704-0415 (outside the United States, call 202-606-9666).

Table 1.—U.S. International Transactions

[Millions of dollars]

Line	(Credits +; debits -) ¹	1997	1998 ^P	Not seasonally adjusted				Seasonally adjusted			
				1998				1998			
				I	II	III ^P	IV ^P	I ^P	II ^P	III ^P	IV ^P
1	Exports of goods, services, and income	1,179,380	1,174,055	296,986	294,063	283,508	299,498	298,740	292,165	285,837	297,312
2	Goods, adjusted, excluding military ²	679,325	671,055	170,589	168,303	157,326	174,837	171,190	164,543	163,414	171,908
3	Services ³	258,268	260,385	63,344	63,677	68,121	65,243	65,004	65,697	63,943	65,741
4	Transfers under U.S. military agency sales contracts ⁴	18,269	16,765	4,672	4,088	3,982	4,023	4,672	4,088	3,982	4,023
5	Travel	73,268	71,116	15,817	17,741	20,349	17,209	17,935	18,109	16,930	18,142
6	Passenger fares	20,895	20,137	4,877	5,053	5,478	4,729	5,176	5,202	4,790	4,969
7	Other transportation	26,911	25,787	6,290	6,279	6,401	6,817	6,459	6,291	6,333	6,703
8	Royalties and license fees ⁵	33,676	35,063	8,443	8,615	8,496	9,509	8,660	8,893	8,569	8,940
9	Other private services ⁵	84,465	90,729	23,050	21,704	23,218	22,757	21,907	22,917	23,142	22,765
10	U.S. Government miscellaneous services	784	788	195	197	197	199	195	197	197	199
11	Income receipts on U.S. assets abroad	241,787	242,615	63,053	62,083	58,061	59,418	62,546	61,925	58,480	59,663
12	Direct investment receipts	109,407	100,447	26,828	26,212	22,273	25,134	26,426	25,883	22,808	25,329
13	Other private receipts	128,845	138,600	35,302	35,105	34,783	33,410	35,302	35,105	34,783	33,410
14	U.S. Government receipts	3,535	3,568	923	766	1,005	874	818	937	889	924
15	Imports of goods, services, and income	-1,294,904	-1,365,648	-324,587	-339,452	-349,871	-351,738	-336,330	-339,746	-341,499	-348,076
16	Goods, adjusted, excluding military ²	-877,279	-919,040	-218,744	-227,804	-232,439	-240,053	-227,223	-229,321	-228,313	-234,183
17	Services ³	-170,520	-181,514	-41,417	-45,985	-49,311	-44,801	-44,343	-45,154	-45,541	-46,476
18	Direct defense expenditures	-11,488	-12,693	-3,145	-3,045	-3,153	-3,350	-3,145	-3,045	-3,153	-3,350
19	Travel	-51,220	-53,728	-11,290	-14,318	-16,324	-11,796	-13,282	-13,438	-13,324	-13,684
20	Passenger fares	-18,235	-18,851	-4,280	-5,079	-5,281	-4,231	-4,638	-4,745	-4,688	-4,780
21	Other transportation	-28,949	-30,285	-7,066	-7,390	-7,784	-8,045	-7,249	-7,429	-7,635	-7,971
22	Royalties and license fees ⁵	-9,411	-10,654	-2,835	-2,590	-2,542	-2,687	-2,847	-2,756	-2,517	-2,535
23	Other private services ⁵	-48,421	-52,470	-12,117	-12,857	-13,517	-13,979	-12,478	-13,035	-13,514	-13,443
24	U.S. Government miscellaneous services	-2,796	-2,833	-704	-706	-710	-713	-704	-706	-710	-713
25	Income payments on foreign assets in the United States	-247,105	-265,094	-64,426	-65,663	-68,121	-66,884	-64,764	-65,271	-67,645	-67,417
26	Direct investment payments	-45,674	-45,796	-10,458	-11,059	-12,170	-12,109	-10,796	-10,667	-11,694	-12,642
27	Other private payments	-113,959	-128,560	-31,285	-31,644	-33,174	-32,457	-31,285	-31,644	-33,174	-32,457
28	U.S. Government payments	-87,472	-90,738	-22,683	-22,960	-22,777	-22,318	-22,683	-22,777	-22,318	-22,777
29	Unilateral transfers, net	-39,691	-41,855	-9,617	-9,034	-9,826	-13,378	-9,428	-9,390	-10,032	-13,001
30	U.S. Government grants ⁴	-12,090	-12,492	-2,266	-2,063	-2,663	-5,500	-2,266	-2,063	-2,663	-5,500
31	U.S. Government pensions and other transfers	-4,193	-4,304	-1,019	-898	-839	-1,548	-1,019	-898	-1,019	-898
32	Private remittances and other transfers ⁶	-23,408	-25,059	-6,332	-6,073	-6,324	-6,330	-6,089	-6,254	-6,289	-6,423
33	U.S. assets abroad, net (increase/capital outflow (-))	-478,502	-305,385	-48,591	-111,123	-61,157	-84,514	-46,025	-110,164	-60,395	-88,798
34	U.S. official reserve assets, net ⁷	-1,010	-6,784	-444	-1,945	-2,026	-2,369	-444	-1,945	-2,026	-2,369
35	Gold .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
36	Special drawing rights	-350	-149	-182	-72	188	-227	-182	-72	188	-227
37	Reserve position in the International Monetary Fund	-3,575	-5,118	-85	-1,031	-2,078	-1,924	-85	-1,031	-2,078	-1,924
38	Foreign currencies	2,915	-1,517	-177	-986	-136	-218	-177	-986	-136	-218
39	U.S. Government assets, other than official reserve assets, net	174	-836	-388	-433	174	-189	-388	-433	174	-189
40	U.S. credits and other long-term assets	-5,302	-4,761	-1,189	-1,159	-1,285	-1,128	-1,189	-1,159	-1,285	-1,128
41	Repayments on U.S. credits and other long-term assets ⁸	5,504	4,211	1,177	722	1,321	991	1,177	722	1,321	991
42	U.S. foreign currency holdings and U.S. short-term assets, net	-28	-286	-376	4	138	-52	-376	4	138	-52
43	U.S. private assets, net	-477,666	-297,765	-47,759	-108,745	-59,305	-81,956	-45,193	-107,786	-58,543	-86,240
44	Direct investment	-121,843	-131,933	-37,264	-41,925	-24,045	-28,699	-34,698	-40,966	-23,283	-32,983
45	Foreign securities	-87,981	-89,352	-6,973	-27,878	17,056	-71,557	-6,973	-27,878	17,056	-71,557
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-120,403	-45,440	-6,596	-14,327	-20,320	-4,197	-6,596	-14,327	-20,320	-4,197
47	U.S. claims reported by U.S. banks, not included elsewhere	-147,439	-31,040	3,074	-24,615	-31,996	22,497	3,074	-24,615	-31,996	22,497
48	Foreign assets in the United States, net (increase/capital inflow (+))	733,441	542,482	95,172	165,402	99,804	182,104	95,637	164,967	98,742	183,136
49	Foreign official assets in the United States, net	15,817	-22,112	11,324	-10,274	-46,347	23,185	11,324	-10,274	-46,347	23,185
50	U.S. Government securities	-2,936	-3,614	13,946	-20,064	-30,905	33,409	13,946	-20,064	-30,905	33,409
51	U.S. Treasury securities ⁹	-7,270	-9,946	11,336	-20,318	-32,811	31,847	11,336	-20,318	-32,811	31,847
52	Other ¹⁰	4,334	6,332	2,610	254	1,906	1,562	2,610	254	1,906	1,562
53	Other U.S. Government liabilities ¹¹	-2,521	-2,506	-1,059	-422	-264	-761	-1,059	-422	-264	-761
54	U.S. liabilities reported by U.S. banks, not included elsewhere	21,928	-12,515	-607	9,380	-12,684	-8,604	-607	9,380	-12,684	-8,604
55	Other foreign official assets ¹²	-654	-3,477	-956	832	-2,494	-956	832	-2,494	-956	832
56	Other foreign assets in the United States, net	717,624	564,594	83,848	175,676	146,151	158,919	84,313	175,241	145,089	159,951
57	Direct investment	93,449	196,229	25,574	19,684	31,403	119,568	26,039	19,249	30,341	120,600
58	U.S. Treasury securities	146,710	48,060	-1,701	26,916	-1,438	24,283	-1,701	26,916	-1,438	24,283
59	U.S. currency	24,782	16,622	746	2,349	7,277	6,250	746	2,349	7,277	6,250
60	U.S. securities other than U.S. Treasury securities	196,845	217,312	77,019	71,017	20,041	49,235	77,019	71,017	20,041	49,235
61	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	107,779	43,803	32,707	18,040	11,875	-18,819	32,707	18,040	11,875	-18,819
62	U.S. liabilities reported by U.S. banks, not included elsewhere	148,059	42,568	-50,497	37,670	76,993	-21,598	-50,497	37,670	76,993	-21,598
63	Allocations of special drawing rights .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
64	Statistical discrepancy (sum of above items with sign reversed)	-99,724	-3,649	-9,363	144	37,542	-31,972	-2,594	2,168	27,347	-30,573
64a	Of which seasonal adjustment discrepancy .....	.....	.....	.....	.....	.....	.....	6,769	2,024	-10,195	1,399
Memoranda:											
65	Balance on goods (lines 2 and 16)	-197,954	-247,985	-48,155	-59,501	-75,113	-65,216	-56,033	-64,778	-64,899	-62,275
66	Balance on services (lines 3 and 17)	87,748	78,871	21,927	17,692	18,810	20,442	20,661	20,543	18,402	19,265
67	Balance on goods and services (lines 65 and 66)	-110,206	-169,114	-26,228	-41,809	-56,303	-44,774	-35,372	-44,235	-46,497	-43,010
68	Balance on investment income (lines 11 and 25)	-5,318	-22,479	-1,373	-3,580	-10,060	-7,466	-2,218	-3,346	-9,165	-7,754
69	Balance on goods, services, and income (lines 1 and 15 or lines 67 and 68) ¹³	-115,524	-191,593	-27,601	-45,389	-66,363	-52,240	-37,590	-47,581	-55,662	-50,764
70	Unilateral transfers, net (line 29)	-39,691	-41,855	-9,617	-9,034	-9,826	-13,378	-9,428	-9,390	-10,032	-13,001
71	Balance on current account (lines 1, 15, and 29 or lines 69 and 70) ¹³	-155,215	-233,448	-37,218	-54,423	-76,189	-65,618	-47,018	-56,971	-65,694	-63,765

See footnotes on page 59.

Table 2.—U.S. Trade in Goods

[Millions of dollars]

Line	1997	1998 ^r	Not seasonally adjusted							Seasonally adjusted						
			1997			1998				1997			1998			
			II	III	IV	I	II	III ^r	IV ^p	II	III	IV	I ^r	II ^r	III ^r	IV ^p
A Balance of payments adjustments to Census trade data:																
EXPORTS																
1	689,182	682,977	174,967	169,041	180,229	172,915	170,611	160,545	178,906	171,787	175,129	176,518	173,516	166,852	166,633	175,976
Adjustments:																
2	681	595	174	169	153	158	157	140	140	174	169	153	158	157	140	140
3	22		22							22						
4																
5																
6																
7	-9,116	-10,967	-2,177	-2,754	-2,253	-2,338	-2,095	-2,837	-3,697	-2,177	-2,754	-2,253	-2,338	-2,095	-2,837	-3,697
	-1,444	-1,550	-566	-242	-133	-146	-370	-522	-512	-566	-242	-133	-146	-370	-522	-512
8	679,325	671,055	172,420	166,214	177,996	170,589	168,303	157,326	174,837	169,240	172,302	174,284	171,190	164,543	163,414	171,908
IMPORTS																
9	870,671	913,828	214,417	224,733	228,310	217,432	226,839	230,841	238,716	215,526	220,859	223,204	225,912	228,356	226,715	232,845
Adjustments:																
10		-29				1	1	1	-32				1	1	1	-32
11	3,536	2,907	1,980		204	686	332	1,093	796	1,980			204	686	332	1,093
12	3,704	3,571	982	914	891	926	938	835	872	982	914	891	926	938	835	872
13																
14	-634	-1,192	-144	-178	-194	-301	-306	-311	-274	-144	-178	-194	-301	-306	-311	-274
15	2	-45	-8	3	18			-20	-25	-8	3	18			-20	-25
16	877,279	919,040	217,227	225,472	229,229	218,744	227,804	232,439	240,053	218,336	221,598	224,123	227,223	229,321	228,313	234,183
B Trade in goods, by area and country, adjusted to balance of payments basis, excluding military:^s																
EXPORTS																
1	679,325	671,055	172,420	166,214	177,996	170,589	168,303	157,326	174,837	169,240	172,302	174,284	171,190	164,543	163,414	171,908
2	152,962	159,555	39,862	35,340	39,160	41,590	39,537	37,207	41,221	39,081	36,645	38,439	41,756	38,585	38,615	40,599
3	138,851	146,361	35,143	32,381	36,283	38,711	36,424	34,143	37,083	34,434	33,547	35,613	38,873	35,339	35,427	36,522
4	13,894	14,266	3,383	3,399	3,680	3,905	3,557	3,374	3,430	3,307	3,513	3,615	3,820	3,466	3,503	3,377
5	15,804	17,525	3,964	3,724	4,289	4,686	4,395	3,864	4,580	3,875	3,852	4,219	4,712	4,287	4,006	4,520
6	24,202	26,384	6,271	5,741	6,058	6,389	6,563	6,287	7,145	5,141	5,942	5,948	6,419	6,405	6,519	7,041
7	8,927	8,946	2,329	2,006	2,364	2,374	2,157	2,022	2,333	2,286	2,083	2,317	2,386	2,108	2,098	2,354
8	19,671	18,838	4,820	4,776	5,323	5,119	4,477	4,282	4,960	4,732	4,950	5,209	5,141	4,373	4,445	4,879
9	35,912	37,880	9,331	8,158	8,888	10,070	9,761	9,292	8,757	9,131	8,449	8,751	10,096	9,514	9,633	8,637
10	20,441	22,522	5,045	4,577	5,681	6,168	5,514	5,022	5,818	4,962	4,758	5,554	6,199	5,386	5,223	5,714
11	14,111	13,194	4,719	2,959	2,877	2,879	3,113	3,064	4,138	4,647	3,098	2,826	2,883	3,046	3,188	4,077
12	152,047	156,540	38,779	36,813	39,643	39,575	40,877	35,819	40,269	37,979	38,033	38,903	39,743	39,960	37,121	39,716
13	64,600	56,637	16,604	15,736	15,859	14,782	14,086	14,077	13,692	16,404	16,364	15,429	14,785	13,834	14,662	13,356
14																
15	11,913	11,785	3,100	3,091	2,899	3,109	2,858	2,925	2,893	3,030	3,193	2,850	3,123	2,783	3,029	2,850
16	7,750	7,413	2,111	1,742	2,090	2,008	2,319	1,665	1,421	2,097	1,826	2,030	1,981	2,290	1,747	1,395
17	134,272	142,218	32,485	34,813	37,500	35,281	35,699	34,341	36,897	31,874	36,022	36,720	35,398	34,899	35,666	36,255
18	15,806	15,110	3,831	4,106	4,495	3,453	3,807	3,674	4,176	3,746	4,245	4,419	3,473	3,711	3,810	4,116
19	71,152	78,674	17,001	18,498	20,014	19,526	19,333	19,161	20,654	16,672	19,130	19,587	19,603	18,893	19,878	20,300
20	6,583	6,487	1,663	1,827	1,797	1,840	1,771	1,433	1,443	1,635	1,890	1,758	1,847	1,729	1,492	1,419
21	40,731	41,947	9,990	10,382	11,194	10,462	10,788	10,073	10,624	9,821	10,757	10,946	10,475	10,566	10,486	10,420
22	155,781	136,907	39,479	38,679	40,845	34,244	32,927	31,292	38,444	38,775	40,219	39,913	34,404	32,192	32,574	37,737
23	144,777	125,912	36,828	35,399	38,133	31,675	30,317	28,539	35,381	36,163	36,792	37,296	31,840	29,633	29,691	34,748
24	16,045	15,395	3,948	3,699	5,128	4,111	3,486	3,038	4,760	3,878	3,860	5,036	4,130	3,401	3,170	4,694
25	12,723	13,984	2,926	2,971	3,959	3,155	3,143	3,205	4,481	2,884	3,092	3,863	3,185	3,072	3,330	4,397
26	15,065	12,832	3,938	3,809	3,832	3,199	3,394	3,090	3,149	3,874	3,954	3,743	3,208	3,327	3,211	3,086
27	24,602	15,842	6,986	5,850	5,421	3,366	3,738	3,537	5,201	6,869	6,091	5,292	3,373	3,677	3,693	5,099
28	17,550	15,534	4,290	4,727	4,190	3,915	3,803	3,949	3,867	4,181	4,877	4,121	3,339	3,696	4,085	3,814
29	19,159	17,219	4,551	4,504	4,466	4,698	4,099	3,737	4,685	4,481	4,791	5,332	4,727	4,009	3,890	4,593
30	10,615	10,578	2,554	3,159	2,625	2,475	2,494	2,623	2,986	2,517	3,301	2,533	2,469	2,446	2,748	2,915
31	1,528	1,467	365	496	371	421	309	358	379	363	517	356	416	307	377	367
32																
Memoranda:																
33	386,458	389,993	99,622	92,231	98,853	100,272	98,677	91,283	99,761	97,746	95,530	96,886	100,629	96,450	94,731	98,183
34	24,156	23,349	5,976	6,022	7,296	6,372	5,566	4,829	6,582	5,876	6,267	7,150	6,393	5,437	5,039	6,480
35	268,711	257,713	66,822	67,961	71,847	63,945	64,060	61,214	68,494	65,618	70,505	70,248	64,168	62,656	63,644	67,245

See footnotes on page 59.

Table 2.—U.S. Trade in Goods—Continued

[Millions of dollars]

Line	1997	1998 ^p	Not seasonally adjusted								Seasonally adjusted							
			1997			1998					1997			1998				
			II	III	IV	I	II	III ^r	IV ^p	II	III	IV	I ^r	II ^r	III ^r	IV ^p		
C	Trade in goods, by principal end-use category, adjusted to balance of payments basis, excluding military:																	
1	Exports of goods, balance of payments basis, excluding military (A-8)																	
2	679,325	671,055	172,420	166,214	177,996	170,589	168,303	157,326	174,837	169,240	172,302	174,284	171,190	164,543	163,414	171,908		
3	58,425	53,080	13,496	13,177	16,575	14,633	12,516	11,268	14,663	14,319	14,317	15,120	14,154	13,064	12,301	13,561		
4	620,900	617,975	158,924	153,037	161,421	155,956	155,787	146,058	160,174	154,921	157,985	159,164	157,036	151,479	151,113	158,347		
5	51,507	46,379	11,643	11,881	14,756	12,617	10,741	10,206	12,815	12,519	12,346	13,511	12,505	11,269	10,645	11,960		
6	47,541	43,004	10,695	10,809	13,869	11,754	10,020	9,256	11,974	11,490	11,410	12,564	11,653	10,498	9,798	11,055		
7	16,137	14,371	3,655	3,867	4,186	4,150	3,246	3,119	3,856	3,903	3,773	4,129	4,020	3,449	3,094	3,808		
8	4,329	3,817	866	1,441	1,129	983	818	972	1,044	1,064	1,206	1,123	1,029	958	806	1,024		
9	5,682	4,804	1,373	1,253	1,282	1,228	1,087	1,096	1,393	1,373	1,253	1,282	1,228	1,087	1,096	1,393		
10	7,506	6,947	1,189	851	3,271	1,786	633	542	1,986	1,784	1,494	2,346	1,554	965	1,005	1,423		
11	7,244	6,744	1,802	1,897	1,902	1,702	1,823	1,622	1,597	1,797	1,884	1,822	1,785	1,811	1,620	1,528		
12	8,270	8,105	2,055	2,048	2,218	1,899	2,127	1,868	2,211	2,029	2,149	2,037	1,970	2,101	1,999	2,035		
13	8,384	8,837	1,994	2,146	2,292	2,217	2,191	2,105	2,324	1,977	2,110	2,228	2,324	2,172	2,080	2,261		
14	3,966	3,375	948	1,072	887	863	721	950	841	1,029	936	947	852	771	847	905		
15	2,791	2,348	642	760	609	619	442	694	593	723	624	668	608	491	592	657		
16	158,274	147,951	41,378	39,221	39,102	38,555	37,720	35,305	36,371	40,649	39,639	39,459	38,451	37,083	35,820	36,597		
17	10,603	9,767	2,728	2,314	2,630	2,793	2,413	1,956	2,605	2,762	2,836	2,479	2,427	2,490	2,431	2,419		
18	2,718	2,561	722	472	662	858	592	430	681	685	922	656	605	581	729	646		
19	1,554	1,453	505	226	371	381	455	233	384	475	325	345	351	419	318	365		
20	1,865	1,265	445	396	356	375	347	287	256	428	407	387	357	335	296	277		
21	4,666	4,488	1,056	1,220	1,241	1,179	1,019	1,006	1,284	1,174	1,312	1,091	1,114	1,155	1,088	1,131		
22	147,671	138,184	38,650	36,907	36,472	35,762	35,307	33,349	33,766	37,887	36,803	36,980	36,024	34,593	33,389	34,178		
23	16,530	13,083	4,051	4,244	4,401	4,370	3,395	3,140	3,078	4,052	4,210	4,382	3,528	3,398	3,103	3,054		
24	16,291	12,860	4,013	4,203	4,269	4,322	3,354	3,093	2,991	4,014	4,168	4,250	3,480	3,358	3,055	2,967		
25	4,122	3,714	1,025	1,089	1,020	951	974	922	867	1,023	1,052	1,005	1,000	975	889	850		
26	10,419	7,826	2,475	2,714	2,717	2,175	2,012	1,866	1,773	2,477	2,716	2,713	2,184	2,014	1,862	1,766		
27	12,785	12,136	3,167	3,235	3,262	3,210	3,150	2,936	2,840	3,148	3,201	3,288	3,217	3,135	2,923	2,861		
28	10,700	8,921	2,741	2,700	2,735	2,299	2,384	2,098	2,140	2,651	2,741	2,737	2,341	2,300	2,134	2,146		
29	46,864	44,980	12,182	11,825	11,497	11,524	11,641	10,869	10,946	11,807	11,770	11,772	11,523	11,305	10,990	11,162		
30	9,482	7,981	2,514	2,364	2,225	2,033	2,026	1,937	1,985	2,432	2,339	2,248	2,111	1,957	1,908	2,005		
31	16,654	17,991	4,266	4,088	4,230	4,566	4,553	4,403	4,469	4,161	4,162	4,320	4,492	4,437	4,511	4,551		
32	34,656	33,092	9,729	8,451	8,122	8,660	8,158	7,966	8,308	9,636	8,280	8,233	8,812	8,061	7,820	8,399		
33	2,257	1,562	605	636	520	406	429	358	369	578	595	547	437	410	332	383		
34	5,920	5,769	1,479	1,510	1,504	1,582	1,508	1,315	1,363	1,465	1,511	1,517	1,581	1,495	1,313	1,379		
35	15,027	14,168	4,756	3,559	3,189	3,746	3,240	3,427	3,755	4,720	3,243	3,195	3,832	3,269	3,303	3,764		
36	5,725	5,414	2,322	862	855	1,324	1,056	1,303	1,731	2,322	862	855	1,324	1,056	1,303	1,731		
37	1,809	2,017	569	470	500	714	545	368	390	574	470	495	717	547	364	389		
38	7,493	6,737	1,865	2,027	1,834	1,708	1,639	1,756	1,634	1,901	1,911	1,845	1,791	1,666	1,634	1,644		
39	11,452	11,594	2,889	2,946	2,909	2,926	2,981	2,866	2,821	2,796	2,931	2,974	2,962	2,887	2,872	2,873		
40	295,288	299,975	74,243	73,944	78,679	74,466	73,883	71,301	80,325	72,604	76,412	76,629	75,146	71,746	74,453	78,630		
41	251,623	243,664	62,333	64,019	66,769	61,777	60,346	58,517	63,024	62,305	65,180	64,976	62,536	60,192	59,552	61,384		
42	27,977	27,280	7,092	7,065	7,310	6,943	6,760	6,585	6,992	7,047	7,075	7,269	7,012	6,712	6,608	6,948		
43	223,646	216,384	55,241	56,954	59,459	54,834	53,586	51,932	56,032	55,258	58,105	57,707	55,244	53,480	52,944	54,436		
44	15,599	16,099	3,680	4,225	4,409	4,211	4,132	3,925	3,808	3,589	4,237	4,404	4,240	3,058	2,917	3,830		
45	12,614	11,609	3,292	2,997	3,188	2,793	3,033	2,775	3,008	3,266	3,267	3,479	2,954	3,001	2,818	2,936		
46	6,502	6,278	1,591	1,721	1,697	1,573	1,467	1,541	1,577	1,753	1,731	1,731	1,731	1,555	1,489	1,578		
47	11,773	12,511	2,943	2,925	3,213	3,336	3,154	3,184	3,154	2,880	3,022	3,231	3,316	3,081	2,934	3,178		
48	45,540	42,678	11,491	11,641	11,864	11,019	11,184	10,178	10,297	11,197	11,842	11,737	11,238	10,887	10,363	10,190		
49	49,360	45,319	12,027	12,402	13,024	11,485	10,870	10,726	12,238	12,395	12,963	12,267	11,360	11,833	11,518	11,518		
50	38,861	37,642	9,578	9,961	9,847	9,392	8,802	9,322	10,126	9,843	10,055	9,687	9,419	8,898	9,258	10,062		
51	23,995	24,985	5,868	6,319	6,901	6,007	6,008	6,108	6,862	5,923	6,275	6,451	6,464	6,037	6,088	6,396		
52	3,288	3,448	816	838	918	864	854	838	892	813	859	884	884	849	856	859		
53	16,114	15,815	3,955	3,925	4,309	4,030	3,976	3,726	4,083	3,975	4,052	4,197	4,015	3,991	3,844	3,965		
54	41,359	53,550	11,367	8,934	11,156	12,015	12,898	12,116	16,521	9,756	10,691	10,899	11,936	10,915	14,233	16,466		
55	23,584	31,816	6,850	4,800	6,424	7,136	7,651	6,465	10,564	5,263	6,205	6,276	7,091	5,710	8,370	10,645		
56	2,306	2,761	543	541	754	674	639	668	780	543	541	754	674	639	668	780		
57	74,029	72,697	19,696	16,722	19,429	19,902	19,269	14,805	18,721	18,372	18,703	19,161	19,526	18,152	16,426	18,593		
58	39,764	39,522	10,802	8,669	10,284	10,531	10,783	7,556	10,652	9,728	9,917	10,333	10,302	9,863	8,564	10,793		
59	9,282	8,829	2,812	1,804	2,372	2,352	2,526	1,368	2,382	2,369	2,309	2,387	2,318	2,182	1,702	2,427		
60	6,016	6,296	1,775	1,372	1,801	1,659	1,994	1,179	1,464	1,339	1,538	1,471	1,683	1,819	1,352	1,442		
61	3,899	4,228	1,023	875	984	1,068	1,067	889	1,204	945	996	979	1,031	1,004	984	1,209		
62	20,567	20,369	5,492	4,618	5,127	5,452	5,196	4,120	5,601	5,075	5,074	5,226	5,270	4,858	4,526	5,715		
63	34,265	33,175	8,894	8,053	9,145	9,371	8,486	7,249	8,069	8,644	8,786	8,828	9,224	8,28				

Table 2.—U.S. Trade in Goods—Continued

(Millions of dollars)

Line	1997	1998 ^P	Not seasonally adjusted								Seasonally adjusted							
			1997			1998					1997			1998				
			II	III	IV	I	II	III ^r	IV ^P	II	III	IV	I ^r	II ^r	III ^r	IV ^P		
C	Trade in goods, by principal end-use category, adjusted to balance of payments basis, excluding military—Continued:																	
74	877,279	919,040	217,227	225,472	229,229	218,744	227,804	232,439	240,053	218,336	221,598	224,123	227,223	229,321	228,313	234,183		
75	Petroleum and products ⁷	17,771	51,173	17,664	17,700	17,239	13,575	13,425	12,366	11,807	17,681	17,577	17,156	13,714	13,472	12,290	11,697	
76	Nonpetroleum products	805,508	867,867	199,563	207,772	211,990	205,169	214,379	220,073	228,246	200,655	204,021	206,967	213,509	215,849	216,023	222,486	
77	Foods, feeds, and beverages	39,694	41,229	9,977	9,947	10,399	10,241	10,420	9,922	10,646	9,965	10,133	10,062	10,422	10,432	10,109	10,266	
78	Agricultural	29,282	30,298	7,589	7,083	7,403	7,839	7,710	7,093	7,656	7,408	7,437	7,332	7,741	7,543	7,456	7,558	
79	Coffee, cocoa, and sugar	5,039	4,469	1,382	1,369	1,044	1,449	1,154	1,001	865	1,382	1,369	1,044	1,449	1,154	1,001	865	
80	Green coffee	3,575	3,062	1,040	928	792	1,043	797	605	617	1,040	928	792	1,043	797	605	617	
81	Meat products and poultry	4,162	4,316	1,113	1,022	1,048	1,080	1,078	1,059	1,099	1,080	1,051	1,069	1,072	1,049	1,080	1,115	
82	Vegetables, fruits, nuts, and preparations	7,632	8,259	2,015	1,475	1,843	2,410	2,196	1,629	2,023	1,853	1,882	1,980	1,980	2,039	2,072	2,167	
83	Wine and related products	3,254	3,626	835	861	936	729	926	939	1,032	810	831	837	907	894	896	929	
84	Other agricultural foods, feeds, and beverages	9,195	9,626	2,245	2,356	2,532	2,171	2,355	2,463	2,637	2,283	2,304	2,422	2,333	2,407	2,407	2,479	
85	Nonagricultural (fish, distilled beverages, etc.)	10,412	10,931	2,388	2,864	2,996	2,402	2,710	2,829	2,990	2,557	2,696	2,730	2,681	2,889	2,653	2,708	
86	Fish and shellfish	7,702	8,117	1,734	2,144	2,247	1,816	2,029	2,113	2,159	1,864	2,028	2,048	2,024	2,167	1,978	1,948	
87	Whiskey and other alcoholic beverages	2,189	2,300	518	586	620	461	551	587	701	558	536	552	532	591	545	632	
88	Industrial supplies and materials	217,304	203,272	55,560	53,740	53,222	51,153	52,445	50,888	48,786	54,798	53,608	53,683	51,505	51,667	51,005	49,095	
89	Agricultural	6,251	5,892	1,686	1,518	1,433	1,544	1,631	1,392	1,325	1,659	1,558	1,441	1,514	1,592	1,446	1,340	
90	Nonagricultural products	211,053	197,380	53,874	52,222	51,789	49,609	50,814	49,496	47,461	53,139	52,050	52,242	49,991	50,075	49,559	47,755	
91	Energy products	80,189	59,725	19,374	19,701	19,572	15,860	15,236	14,623	14,006	19,544	19,775	19,376	15,757	15,437	14,763	13,768	
92	Fuels and lubricants ¹¹	79,194	58,716	19,155	19,412	19,302	15,659	14,984	14,271	13,802	19,308	19,528	19,106	15,526	15,160	14,463	13,567	
93	Paper and paper base stocks	10,676	11,224	2,625	2,713	2,796	2,830	2,857	2,772	2,765	2,615	2,703	2,784	2,861	2,843	2,769	2,751	
94	Textile supplies and related materials	10,108	10,350	2,609	2,585	2,529	2,561	2,746	2,588	2,455	2,507	2,547	2,588	2,651	2,642	2,550	2,507	
95	Chemicals, excluding medicinals	29,184	29,153	4,011	4,270	7,061	7,831	7,565	6,868	6,889	7,195	7,445	7,383	7,516	7,374	7,110	7,153	
96	Building materials, except metals	16,822	17,906	4,459	4,469	4,172	4,087	4,598	4,745	4,476	4,241	4,249	4,310	4,408	4,366	4,511	4,621	
97	Other nonmetals	14,147	14,615	3,604	3,647	3,593	3,474	3,706	3,755	3,680	3,532	3,544	3,599	3,653	3,623	3,648	3,691	
98	Metals and nonmetallic products	49,947	54,407	13,802	11,827	12,066	12,966	14,106	14,145	13,190	13,505	11,787	12,202	13,145	13,790	14,208	13,264	
99	Steelmaking materials	2,998	3,274	745	784	863	811	959	885	619	713	745	849	926	910	841	597	
100	Iron and steel products	18,165	21,185	4,471	4,595	4,474	4,644	5,551	5,774	5,216	4,616	4,567	4,423	4,725	5,444	5,766	5,250	
101	Nonferrous metals	22,035	22,904	6,653	7,443	5,006	5,737	5,738	5,733	5,596	6,529	4,767	5,088	5,701	5,626	5,839	5,638	
102	Nonmonetary gold	6,808	6,510	2,739	741	952	1,673	1,364	1,830	1,643	2,739	741	952	1,673	1,364	1,830	1,643	
103	Other precious metals	2,643	3,929	556	715	882	794	1,161	956	1,018	556	705	887	792	1,160	963	1,014	
104	Bauxite and aluminum	5,829	6,199	1,575	1,402	1,534	1,670	1,645	1,467	1,417	1,454	1,458	1,602	1,646	1,530	1,555	1,468	
105	Other nonferrous metals	6,955	6,166	1,883	1,885	1,838	1,600	1,568	1,480	1,518	1,779	1,863	1,647	1,590	1,572	1,491	1,513	
106	Other metallic and nonmetallic products	6,749	7,144	1,693	1,705	1,723	1,774	1,858	1,753	1,759	1,648	1,708	1,742	1,793	1,810	1,762	1,779	
107	Capital goods, except automotive	254,175	270,371	62,562	66,015	68,105	64,760	67,315	67,439	70,857	62,918	65,229	66,188	67,216	67,611	66,736	68,808	
108	Machinery, except consumer-type	235,594	245,897	58,180	60,753	63,046	59,623	60,979	61,275	64,020	58,534	59,962	61,134	62,072	61,273	60,577	61,975	
109	Electric generating machinery, electric apparatus and parts	27,920	29,046	6,884	7,188	7,518	7,060	7,197	7,325	7,464	6,841	7,082	7,345	7,390	7,147	7,237	7,272	
110	Nonelectric, including parts and attachments	207,674	216,851	51,296	53,565	55,528	52,563	53,782	53,950	56,556	51,693	52,880	53,789	54,882	54,126	53,340	54,703	
111	Oil drilling, mining, and construction machinery	6,649	8,011	1,854	1,593	1,657	2,038	2,145	1,972	1,856	1,722	1,640	1,576	2,019	1,998	1,841	1,953	
112	Industrial engines, pumps, and compressors	6,541	7,341	1,708	1,585	1,697	1,801	1,803	1,816	1,921	1,640	1,596	1,734	1,813	1,727	1,842	1,959	
113	Machine tools and metalworking machinery	8,250	8,802	2,105	2,175	2,060	2,252	2,248	2,242	2,011	1,981	2,165	2,076	2,167	2,327	2,232	2,322	
114	Measuring, testing, and control instruments	6,723	7,359	1,627	1,722	1,857	1,840	1,856	1,805	1,858	1,634	1,715	1,808	1,900	1,866	1,792	1,801	
115	Other industrial, agricultural, and service industry machinery	41,265	44,386	10,628	10,283	10,847	10,910	11,564	10,701	11,211	10,265	10,393	10,951	11,033	11,186	10,877	11,310	
116	Computers, peripherals, and parts	70,175	72,510	16,938	18,735	18,888	16,945	17,261	18,380	19,924	17,601	18,197	17,712	18,100	17,924	17,796	18,690	
117	Semiconductors	36,881	33,426	9,025	9,721	9,186	8,861	8,277	8,124	8,164	9,143	9,444	9,435	9,196	8,960	7,873	7,997	
118	Telecommunication equipment	15,687	18,046	3,653	4,008	4,524	4,173	4,437	4,593	4,843	3,844	3,972	4,153	4,406	4,650	4,549	4,441	
119	Other office and business machines	7,350	7,386	1,836	1,849	1,953	1,886	1,876	1,839	1,785	1,883	1,834	1,883	1,930	1,923	1,822	1,711	
120	Scientific, hospital, and medical equipment and parts	8,153	9,584	1,922	2,153	2,318	2,049	2,311	2,472	2,752	1,950	2,108	2,192	2,209	2,345	2,421	2,609	
121	Transportation equipment, except automotive	18,581	24,474	4,382	5,262	5,059	5,137	6,336	6,164	6,837	4,384	5,267	5,054	5,144	6,338	6,159	6,833	
122	Civilian aircraft, engines, parts	16,598	21,613	3,892	4,744	4,529	4,464	5,609	5,483	6,057	3,894	4,749	4,525	4,471	5,611	5,478	6,053	
123	Civilian aircraft, complete, all types	4,547	6,857	1,067	1,472	1,254	1,211	1,855	1,826	1,965	1,067	1,472	1,254	1,211	1,855	1,826	1,965	
124	Automotive vehicles, engines, and parts	140,778	150,714	35,890	32,987	36,714	36,883	37,544	33,660	42,627	34,745	35,427	35,259	37,075	36,578	35,950	41,111	
125	From Canada	50,284	52,895	13,266	11,472	12,791	13,249	13,164	10,958	15,524	12,295	12,592	12,480	13,328	12,319	11,922	15,326	
126	Passenger cars, new and used	26,045	28,802	7,009	5,694	6,495	7,029	7,362	5,708	8,703	6,374	6,325	6,329	7,118	6,781	6,286	8,617	
127	Trucks, buses, and special purpose vehicles	10,272	9,227	2,683	2,506	2,630	2,547	2,034	1,996	2,650	2,539	2,713	2,527	2,580	1,950	2,134	2,563	
128	Engines and engine parts	2,824	3,338	766	875	888	741	833	724	1,040	719	733	711	711	785	772	1,070	
129	Other parts and accessories	11,143	11,528	2,808	2,597	2,978	2,932	2,935	2,530	3,131	2,663	2,821	2,913	2,919	2,803	2,730	3,076	
130	From other areas	90,494	97,819	22,624	21,515	23,923	23,634	24,380	22,702	27,103	22,450	22,835	22,779	23,747	24,259	24,028	25,785	
131																		

Table 3.—Private Service Transactions

[Millions of dollars]

Line		1997	1998 ¹	Not seasonally adjusted								Seasonally adjusted							
				1997				1998				1997				1998			
				I	II	III	IV	I	II	III ²	IV ²	I	II	III	IV	I ²	II ²	III ²	IV ²
1	Exports of private services	239,215	242,832	56,468	57,726	64,901	60,120	58,477	59,392	63,942	61,021	58,144	59,695	60,545	60,827	60,137	61,412	59,764	61,519
2	Travel (table 1, line 5)	73,268	71,116	16,072	18,157	21,890	17,149	15,817	17,741	20,349	17,209	18,197	18,542	18,325	18,204	17,935	18,109	16,930	18,142
3	Passenger fares (table 1, line 6)	20,895	20,137	4,808	5,027	5,988	5,072	4,877	5,053	5,478	4,729	5,130	5,189	5,212	5,364	5,176	5,202	4,790	4,969
4	Other transportation (table 1, line 7)	26,911	25,787	6,574	6,719	6,721	6,897	6,290	6,279	6,401	6,817	6,698	6,724	6,678	6,809	6,459	6,291	6,333	6,703
5	Freight	11,773	11,115	2,895	2,943	2,899	3,036	2,864	2,747	2,649	2,855	2,913	2,910	2,919	3,031	2,901	2,715	2,660	2,840
6	Port services	15,137	14,672	3,679	3,775	3,222	3,861	3,426	3,532	3,752	3,962	3,785	3,814	3,759	3,778	3,559	3,577	3,674	3,864
7	Royalties and license fees (table 1, line 8)	33,676	35,063	8,086	8,158	8,493	8,949	8,443	8,615	8,496	9,509	8,306	8,407	8,590	8,381	8,660	8,893	8,569	8,940
8	Affiliated	25,515	26,573	6,047	6,124	6,446	6,898	6,368	6,510	6,358	7,337	6,267	6,373	6,543	6,330	6,585	6,788	6,431	6,768
9	U.S. parents' receipts	23,457	24,614	5,736	5,757	5,808	6,156	5,740	6,021	5,936	6,917	5,905	5,897	5,929	5,724	5,912	6,189	6,058	6,453
10	U.S. affiliates' receipts	2,058	1,959	311	367	638	742	628	498	422	420	362	476	614	606	673	599	373	315
11	Unaffiliated	8,161	8,490	2,039	2,034	2,037	2,051	2,075	2,105	2,138	2,172	2,039	2,034	2,037	2,051	2,075	2,105	2,138	2,172
12	Industrial processes ¹	3,272	3,272	832	819	812	809	811	815	820	826	832	819	812	809	811	815	820	826
13	Other ²	4,889	5,218	1,207	1,215	1,225	1,242	1,264	1,290	1,318	1,346	1,207	1,215	1,225	1,242	1,264	1,290	1,318	1,346
14	Other private services (table 1, line 9)	84,465	90,729	20,928	19,665	21,819	22,053	23,050	21,704	23,218	22,757	19,813	20,833	21,750	22,069	21,907	22,917	23,142	22,765
15	Affiliated services	26,336	27,600	6,113	6,431	6,708	7,085	6,503	6,715	7,123	7,259	6,250	6,579	6,791	6,717	6,647	6,879	7,195	6,880
16	U.S. parents' receipts	16,164	16,648	3,736	3,998	4,031	4,400	4,039	4,155	4,089	4,365	3,794	4,045	4,128	4,198	4,102	4,202	4,186	4,158
17	U.S. affiliates' receipts	10,172	10,952	2,377	2,433	2,677	2,685	2,464	2,560	3,034	2,894	2,456	2,534	2,663	2,519	2,545	2,677	3,009	2,722
18	Unaffiliated services	58,126	63,129	14,815	13,234	15,111	14,968	16,547	14,989	16,095	15,498	13,563	14,254	14,959	15,352	15,260	16,038	15,947	15,885
19	Education	8,278	8,451	3,340	1,053	2,200	1,685	3,471	1,071	2,240	1,689	2,013	2,052	2,108	2,102	2,101	2,097	2,157	2,096
20	Financial services	11,064	13,212	2,395	1,598	2,914	3,157	2,891	3,617	3,380	3,324	2,395	2,598	2,914	3,157	2,891	3,617	3,380	3,324
21	Insurance, net	2,391	2,594	578	592	605	611	629	642	656	669	578	592	605	616	629	642	656	669
22	Premiums received	5,952	6,181	1,494	1,485	1,483	1,491	1,508	1,531	1,557	1,584	1,494	1,485	1,483	1,491	1,508	1,531	1,557	1,584
23	Losses paid	3,561	3,587	916	892	879	875	880	890	902	915	916	882	879	875	880	890	902	915
24	Telecommunications	3,771	3,744	889	938	956	987	969	940	914	921	889	938	956	987	969	940	914	921
25	Business, professional, and technical services	21,304	23,010	4,946	5,293	5,500	5,564	5,669	5,755	5,793	5,793	4,946	5,293	5,500	5,564	5,669	5,755	5,793	5,793
26	Other unaffiliated services ³	11,321	12,117	2,666	2,759	2,936	2,959	2,918	2,964	3,113	3,123	2,742	2,780	2,876	2,923	3,001	2,987	3,047	3,083
27	Imports of private services	156,236	165,988	34,890	39,648	43,284	38,414	37,568	42,234	45,448	40,738	37,610	38,817	39,769	40,039	40,494	41,403	41,678	42,413
28	Travel (table 1, line 19)	51,220	53,728	10,868	13,601	15,667	11,084	11,290	14,318	16,324	11,796	12,736	12,764	12,897	12,823	13,282	13,438	13,324	13,684
29	Passenger fares (table 1, line 20)	18,235	18,851	3,953	4,975	5,304	4,003	4,260	5,079	5,281	4,231	4,311	4,663	4,704	4,557	4,636	4,745	4,688	4,780
30	Other transportation (table 1, line 21)	28,949	30,285	6,894	7,288	7,430	7,437	7,066	7,390	7,784	8,045	7,034	7,317	7,200	7,387	7,249	7,429	7,635	7,971
31	Freight	17,644	19,328	4,150	4,555	4,418	4,572	4,399	4,702	5,012	5,215	4,201	4,581	4,408	4,454	4,462	4,731	4,996	5,138
32	Port services	11,305	10,957	2,744	2,733	2,912	2,916	2,667	2,688	2,772	2,830	2,833	2,736	2,792	2,943	2,787	2,698	2,639	2,833
33	Royalties and license fees (table 1, line 22)	9,411	10,654	2,086	2,045	2,573	2,707	2,835	2,590	2,542	2,687	2,106	2,168	2,559	2,578	2,847	2,756	2,517	2,535
34	Affiliated	7,087	7,862	1,546	1,477	1,955	2,109	1,862	1,985	1,904	2,111	1,566	1,600	1,941	1,980	1,874	2,151	1,879	1,959
35	U.S. parents' payments	955	826	217	220	235	284	247	182	198	199	217	220	235	284	247	182	198	199
36	U.S. affiliates' payments	6,132	7,036	1,329	1,257	1,720	1,825	1,615	1,803	1,706	1,912	1,349	1,380	1,706	1,696	1,627	1,969	1,681	1,760
37	Unaffiliated	2,324	2,792	540	568	618	598	973	605	638	576	540	568	618	598	618	598	605	576
38	Industrial processes ¹	1,265	1,366	320	315	313	317	324	335	347	360	320	315	313	317	324	335	347	360
39	Other ²	1,060	1,427	221	253	305	282	649	270	292	216	221	253	305	282	649	270	292	216
40	Other private services (table 1, line 23)	48,421	52,470	11,089	11,739	12,410	13,183	12,117	12,857	13,517	13,979	11,423	11,905	12,409	12,684	12,478	13,035	13,514	13,443
41	Affiliated services	18,324	19,689	4,225	4,375	4,511	5,212	4,226	4,727	5,152	5,584	4,414	4,473	4,635	4,801	4,426	4,832	5,289	5,142
42	U.S. parents' payments	9,407	9,968	1,991	2,314	2,368	2,733	2,129	2,454	2,509	2,876	2,179	2,355	2,427	2,445	2,330	2,500	2,566	2,572
43	U.S. affiliates' payments	8,917	9,721	2,234	2,061	2,143	2,479	2,097	2,273	2,643	2,708	2,235	2,118	2,208	2,356	2,096	2,332	2,723	2,570
44	Unaffiliated services	30,098	32,781	6,864	7,364	7,899	7,971	7,891	8,130	8,365	8,395	7,009	7,432	7,774	7,883	8,052	8,203	8,225	8,301
45	Education	1,347	1,474	269	332	417	330	294	363	457	361	318	333	346	349	349	365	378	382
46	Financial services	3,906	4,037	846	1,002	1,093	965	999	1,069	1,007	962	846	1,002	1,093	965	999	1,069	1,007	962
47	Insurance, net	5,208	5,826	1,115	1,261	1,381	1,452	1,477	1,471	1,451	1,427	1,115	1,261	1,381	1,452	1,477	1,471	1,451	1,427
48	Premiums paid	15,036	15,654	3,683	3,735	3,787	3,832	3,869	3,900	3,928	3,956	3,683	3,735	3,787	3,832	3,869	3,900	3,928	3,956
49	Losses recovered	9,828	9,828	2,568	2,474	2,406	2,380	2,392	2,429	2,477	2,530	2,568	2,474	2,406	2,380	2,392	2,429	2,477	2,530
50	Telecommunications	8,113	8,438	2,006	1,999	2,028	2,080	2,121	2,103	2,088	2,127	2,006	1,999	2,028	2,080	2,121	2,103	2,088	2,127
51	Business, professional, and technical services	6,571	7,753	1,543	1,615	1,676	1,737	1,832	1,905	1,973	2,043	1,543	1,615	1,676	1,737	1,832	1,905	1,973	2,043
52	Other unaffiliated services ³	4,952	5,252	1,085	1,155	1,305	1,407	1,168	1,219	1,390	1,475	1,181	1,221	1,251	1,299	1,274	1,290	1,328	1,360
Memoranda:																			
53	Balance on goods (table 1, line 65)	-197,954	-247,985	-42,656															

Table 4.—Selected U.S. Government Transactions

[Millions of dollars]

Line		1997	1998 ^a	Not seasonally adjusted							
				1997				1998			
				I	II	III	IV	I	II	III ^b	IV ^b
A1	U.S. Government grants and transactions increasing Government assets, total	17,419	17,539	3,433	3,901	3,804	6,280	3,831	3,218	3,810	6,681
	By category										
2	Grants, net (table 1, line 30, with sign reversed)	12,090	12,492	2,241	2,274	2,362	5,213	2,266	2,063	2,663	5,500
3	Financing military purchases ¹	3,822	4,046	606	394	514	2,308	626	360	604	2,455
4a	Other grants	8,268	8,447	1,635	1,880	1,848	2,905	1,640	1,702	2,059	3,045
4b	Cash contributions received from coalition partners for Persian Gulf operations										
5	Credits and other long-term assets (table 1, line 40, with sign reversed)	5,302	4,761	1,168	1,616	1,421	1,097	1,189	1,159	1,285	1,128
6	Capital subscriptions and contributions to international financial institutions, excluding IMF	1,588	1,580	427	411	415	336	385	444	413	338
7	Credits repayable in U.S. dollars	3,047	2,431	586	1,033	839	589	644	613	627	548
8	Credits repayable in other than U.S. dollars	-4	-5	1		1	-6	(*)	-7	2	(*)
9	Other long-term assets	670	753	154	173	166	178	159	109	243	243
10	Foreign currency holdings and short-term assets, net (table 1, line 42 with sign reversed)	28	286	25	11	21	-29	376	-4	-138	52
11	Foreign currency holdings (excluding administrative cash holdings), net	71	35	12	21	26	11	5	-5	38	-4
	Receipts from:										
12	Sales of agricultural commodities	(*)		(*)							
13	Interest	18	13	7	1	9	2	4	4	4	(*)
14	Repayments of principal	27	21	10	5	10	2	11	3	6	1
15	Reverse grants										
16	Other sources	8	1	(*)	(*)	1	7				1
	Less currencies disbursed for:										
17	Grants and credits in the recipient's currency		1					(*)	(*)	1	
18	Other grants and credits										5
19	Other U.S. Government expenditures	-17	-2	5	-15	-6	-1	10	12	-29	5
20	Assets acquired in performance of U.S. Government guarantee and insurance obligations, net	-18	439	-5	-7	(*)	-6	399	11	(*)	29
21	Other assets held under Commodity Credit Corporation Charter Act, net	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
22	Assets financing military sales contracts, net ²										
23	Other short-term assets (including changes in administrative cash holdings), net	-25	-188	18	-3	-5	-34	-28	-10	-176	27
	By program										
24	Capital subscriptions and contributions to international financial institutions, excluding IMF	1,588	1,580	427	411	415	336	385	444	413	338
25	Under Agricultural Trade Development and Assistance Act and related programs	905	680	195	217	279	214	122	105	210	243
26	Under Foreign Assistance Act and related programs	11,004	11,275	2,032	2,140	2,040	4,792	2,053	1,851	2,344	5,027
27	Under Export-Import Bank Act	1,620	1,528	396	405	418	400	385	516	244	384
28	Under Commodity Credit Corporation Charter Act	505	721	29	346	118	13	540	6	147	29
29	Under other grant and credit programs	1,080	1,153	171	192	347	371	209	202	347	396
30	Other foreign currency assets acquired (lines A13, A14, and A16)	53	35	17	6	20	10	16	7	10	2
31	Less foreign currencies used by U.S. Government other than for grants or credits (line A19)	-17	-2	5	-15	-6	-1	10	12	-29	5
32	Other (including changes in administrative cash holdings), net	646	565	172	169	161	144	131	99	67	269
	By disposition³										
33	Estimated transactions involving no direct dollar outflow from the United States	11,012	11,098	2,174	2,557	2,495	3,786	2,600	1,932	2,524	4,041
34	Expenditures on U.S. goods	5,157	5,296	784	765	979	2,630	750	884	908	2,754
35	Expenditures on U.S. services ⁴	2,617	2,625	635	752	661	570	588	640	756	641
36	Financing of military sales contracts by U.S. Government ⁵ (line C6)	2,172	2,275	660	476	536	501	666	369	645	595
37	By long-term credits	259	215	77	102	65	16	66	37	68	44
38	By short-term credits ¹										
39	By grants ¹	1,913	2,060	583	375	472	485	599	332	577	551
40	U.S. Government grants and credits to repay prior U.S. Government credits ^{1,4}	1,005	454	97	523	309	76	205	36	186	27
41	U.S. Government long- and short-term credits to repay prior U.S. private credits ⁶ and other assets	60	460	4	34	5	17	404	25	3	29
42	Increase in liabilities associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) ⁷ (line C11)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
43	Less receipts on short-term U.S. Government assets (a) financing military sales contracts ¹ (b) financing repayment of private credits and other assets, and (c) financing expenditures on U.S. goods	17	13	1	8	1	7	2	9	2	(*)
44	Less foreign currencies used by U.S. Government other than for grants or credits (line A19)	-17	-2	5	-15	-6	-1	10	12	-29	5
45	Estimated dollar payments to foreign countries and international financial institutions	6,406	6,441	1,259	1,344	1,309	2,494	1,231	1,285	1,286	2,639
B1	Repayments on U.S. Government long-term assets, total (table 1, line 41)	5,504	4,211	1,171	1,358	1,878	1,097	1,177	722	1,321	991
2	Receipts of principal on U.S. Government credits	4,817	3,413	998	1,191	1,715	913	992	602	1,075	745
3	Under Agricultural Trade Development and Assistance Act and related programs	499	302	39	96	181	182	32	30	106	134
4	Under Foreign Assistance Act and related programs	1,753	1,491	529	340	578	306	534	276	460	222
5	Under Export-Import Bank Act	1,819	1,123	398	421	730	271	267	261	243	352
6	Under Commodity Credit Corporation Charter Act	501	375	33	331	113	24	159	32	153	32
7	Under other credit programs	246	122	(*)	3	113	130	(*)	3	113	5
8	Receipts on other long-term assets	687	799	173	167	163	184	186	121	246	246
C1	U.S. Government liabilities other than securities, total, net increase (+) (table 1, line 53)	-2,521	-2,506	-587	-523	-1,167	-244	-1,059	-422	-264	-761
2	Associated with military sales contracts ²	-2,450	-2,496	-562	-511	-1,172	-205	-1,117	-367	-246	-767
3	U.S. Government cash receipts from foreign governments (including principal repayments on credits financing military sales contracts), net of refunds ¹	11,872	9,945	2,803	3,645	3,085	2,340	3,038	3,129	2,443	1,335
4	Less U.S. Government receipts from principal repayments	868	809	333	83	342	111	342	105	274	87
5	Less U.S. Treasury securities issued in connection with prepayments for military purchases in the United States	-2,643	-2,857	-648	-341	-432	-1,222	-195	-327	-922	-1,412
6	Plus financing of military sales contracts by U.S. Government ⁵ (line A36)	2,173	2,275	660	476	536	501	666	369	645	595
7	By long-term credits	259	215	77	102	65	16	66	37	68	44
8	By short-term credits ¹										
9	By grants ¹	1,913	2,060	583	375	472	485	599	332	577	551
10	Less transfers of goods and services (including transfers financed by grants for military purchases, and by credits) ^{1,2} (table 1, line 4)	18,269	16,764	4,338	4,890	4,883	4,158	4,672	4,088	3,981	4,023
11	Associated with U.S. Government grants and transactions increasing Government assets (including changes in retained accounts) ⁷ (line A42)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)	(*)
12	Associated with other liabilities	-72	-9	-26	-13	5	-39	58	-55	-18	6
13	Sales of nuclear material by Department of Energy/U.S. Enrichment Corporation ⁸	-61	-11	-34	-3	18	-41	62	-53	-20	(*)
14	Sales of space launch and other services by National Aeronautics and Space Administration	-18	3	3	-3	-19	(*)	-4	-1	2	6
15	Other sales and miscellaneous operations	7	-1	5	-7	6	2	(*)	-1	(*)	(*)

See footnotes on page 59.

Table 5.—Direct Investment: Income, Capital, Royalties and License Fees, and Other Private Services

[Millions of dollars]

Line	(Credits +; debits -)	1997	1998 ^a	Not seasonally adjusted								Seasonally adjusted							
				1997				1998				1997				1998			
				I	II	III	IV	I	II	III ^b	IV ^b	I	II	III	IV	I ^c	II ^c	III ^c	IV ^c
U.S. direct investment abroad:																			
1	Income with current-cost adjustment, before deduction of withholding taxes (table 1, line 12)	109,407	100,447	27,293	28,671	28,157	25,286	26,828	26,212	22,273	25,134	26,716	28,286	28,935	25,470	26,426	25,883	22,808	25,329
2	Earnings	107,036	97,268	26,744	28,094	27,580	24,619	26,165	25,430	21,395	24,278	26,166	27,710	28,358	24,803	25,762	25,101	21,929	24,473
3	Distributed earnings	42,726	36,036	7,488	11,068	9,942	14,228	7,987	7,358	8,888	11,803	9,528	12,084	11,678	9,437	10,149	7,987	10,184	7,714
4	Reinvested earnings	64,310	61,232	19,256	17,026	17,638	10,391	18,178	18,072	12,507	12,475	16,638	15,262	16,680	15,366	15,613	17,114	11,745	16,759
5	Interest ¹	2,371	3,179	550	577	577	667	663	782	878	856	550	576	577	667	664	782	879	856
6	U.S. parents' receipts	4,456	3,750	1,033	1,077	1,121	1,225	1,289	1,381	1,552	1,528	1,033	1,077	1,121	1,225	1,289	1,381	1,552	1,528
7	U.S. parents' payments	-2,085	-2,569	-483	-501	-544	-558	-625	-599	-673	-672	-483	-501	-544	-558	-625	-599	-673	-672
8	Less: Current-cost adjustment	7,307	8,465	1,723	1,791	1,861	1,932	2,004	2,078	2,153	2,230	1,723	1,791	1,861	1,932	2,004	2,078	2,153	2,230
9	Less: Withholding taxes	1,397	1,191	290	354	319	434	231	258	310	320	322	374	365	336	254	2,071	352	313
10	Equals: Income without current-cost adjustment, after deduction of withholding taxes²	100,703	90,791	25,280	26,526	25,977	22,920	24,593	23,876	19,810	22,512	24,670	26,122	26,709	23,203	24,167	23,535	20,302	22,787
11	Petroleum	12,114	7,799	3,695	2,981	3,143	2,295	2,388	2,127	1,690	3,320	3,156	3,422	2,216	2,149	2,253	1,844	1,554	1,554
12	Manufacturing	37,532	30,707	9,381	10,031	9,382	8,739	9,073	8,809	6,384	6,441	9,146	9,452	9,835	9,100	8,886	8,342	6,723	6,756
13	Other	51,057	52,284	12,204	13,514	13,452	11,887	13,132	12,940	11,735	14,447	12,204	13,514	13,452	11,887	13,132	12,940	11,735	14,477
14	Capital with current-cost adjustment (table 1, line 44)	-121,843	-131,933	-35,115	-27,787	-27,447	-30,494	-37,264	-41,925	-24,045	-28,699	-32,498	-26,388	-27,488	-35,470	-34,698	-40,966	-23,283	-32,983
15	Equity capital	-45,705	-58,249	-12,039	-8,259	-9,247	-17,161	-13,136	-19,414	-12,387	-13,312	-12,039	-8,259	-9,247	-17,161	-13,136	-19,414	-12,387	-13,312
16	Increases in equity capital ³	-62,201	-78,862	-14,843	-14,429	-11,768	-21,160	-17,362	-23,987	-17,187	-20,326	-14,843	-14,429	-11,768	-21,160	-17,362	-23,987	-17,187	-20,326
17	Decreases in equity capital ⁴	16,495	20,613	2,805	6,170	3,521	4,000	4,226	4,573	4,800	7,014	2,805	6,170	3,521	4,000	4,226	4,573	4,800	7,014
18	Reinvested earnings	-64,310	-61,232	-19,256	-17,026	-17,638	-10,391	-18,178	-18,072	-12,507	-12,475	-16,638	-15,262	-16,680	-15,366	-15,613	-17,114	-11,745	-16,759
19	Intercompany debt	-11,828	-12,450	-3,821	-2,503	-2,561	-2,943	-5,949	-4,438	849	-2,912	-3,821	-2,503	-2,561	-2,943	-5,949	-4,438	849	-2,912
20	U.S. parents' receivables	-14,188	-19,966	-560	-3,550	-4,128	-5,950	-7,218	-6,639	-3,324	-2,785	-5,660	-3,550	-4,128	-5,950	-7,218	-6,639	-3,324	-2,785
21	U.S. parents' payables	2,360	7,514	-3,261	1,047	1,567	3,008	1,269	2,200	4,172	-127	-3,261	1,047	1,567	3,008	1,269	2,200	4,172	-127
22	Less: Current-cost adjustment (line 8 with sign reversed)	-7,307	-8,465	-1,723	-1,791	-1,861	-1,932	-2,004	-2,078	-2,153	-2,230	-1,723	-1,791	-1,861	-1,932	-2,004	-2,078	-2,153	-2,230
23	Equals: Capital without current-cost adjustment²	-114,537	-123,468	-33,392	-25,996	-26,586	-28,562	-35,260	-39,847	-21,892	-26,469	-30,775	-24,597	-25,627	-33,538	-32,694	-38,888	-21,130	-30,753
24	Equity capital (line 15)	-45,705	-58,249	-12,039	-8,259	-9,247	-17,161	-13,136	-19,414	-12,387	-13,312	-12,039	-8,259	-9,247	-17,161	-13,136	-19,414	-12,387	-13,312
25	Petroleum	-4,421	-6,634	-616	-839	-1,112	-1,855	-1,801	-1,430	-1,428	-1,975	-616	-839	-1,112	-1,855	-1,801	-1,430	-1,428	-1,975
26	Manufacturing	-8,499	-15,397	-3,528	-1,169	-1,928	-1,873	-6,046	-1,879	-4,323	-3,149	-3,528	-1,169	-1,928	-1,873	-6,046	-1,879	-4,323	-3,149
27	Other	-32,786	-36,218	-7,894	-6,250	-5,208	-13,433	-5,289	-16,105	-6,636	-8,188	-7,894	-6,250	-5,208	-13,433	-5,289	-16,105	-6,636	-8,188
28	Reinvested earnings without current-cost adjustment (line 18 less line 22)	-57,003	-52,767	-17,533	-15,235	-15,777	-8,459	-16,174	-15,994	-10,354	-10,245	-14,915	-13,835	-14,819	-13,434	-13,609	-15,036	-9,592	-14,529
29	Petroleum	-5,411	-3,013	-2,563	-1,750	-1,868	-230	-952	-1,096	-730	-2,255	-1,824	-2,563	-1,817	-518	-249	-1,449	-738	-532
30	Manufacturing	-20,807	-15,446	-6,201	-5,915	-5,598	-3,095	-6,004	-5,881	-2,145	-1,416	-6,392	-4,392	-5,800	-4,922	-5,562	-4,755	-2,193	-2,936
31	Other	-30,785	-34,309	-8,769	-8,570	-8,312	-10,395	-9,218	-9,018	-7,479	-8,594	-7,999	-8,190	-7,202	-7,994	-7,753	-8,832	-6,661	-11,061
32	Intercompany debt (line 19)	-11,828	-12,450	-3,821	-2,503	-2,561	-2,943	-5,949	-4,438	849	-2,912	-3,821	-2,503	-2,561	-2,943	-5,949	-4,438	849	-2,912
33	Petroleum	-1,622	-2,543	-161	-1,281	-652	-832	-1,952	-615	234	-210	-1,621	-652	-832	-1,952	-615	234	-210	234
34	Manufacturing	-2,973	-3,819	-3,038	-599	2,894	-2,231	-3,917	-1,177	898	-3,613	-3,038	-599	2,894	-2,231	-3,917	-1,177	898	-3,613
35	Other	-7,233	-6,088	-622	-623	-1,070	120	-3,070	-283	911	-622	-623	-1,070	120	-3,070	-283	911	911	
36	Royalties and license fees, before deduction of withholding taxes, net	22,502	23,788	5,519	5,536	5,573	5,873	5,492	5,839	5,739	6,718	5,688	5,677	5,694	5,440	5,665	6,007	5,860	6,254
37	U.S. parents' receipts (table 1, part of line 8)	23,457	24,614	5,736	5,757	5,808	6,156	5,740	6,021	5,936	6,917	5,905	5,897	5,929	5,724	5,912	6,189	6,058	6,453
38	U.S. parents' payments (table 1, part of line 22)	-955	-826	-217	-220	-235	-284	-247	-182	-198	-199	-217	-220	-235	-284	-247	-182	-198	-199
39	Other private services, before deduction of withholding taxes, net	6,758	6,679	1,744	1,684	1,663	1,667	1,910	1,701	1,579	1,489	1,615	1,690	1,701	1,753	1,772	1,702	1,620	1,586
40	U.S. parents' receipts (table 1, part of line 9)	16,164	16,648	3,736	3,998	4,031	4,600	4,039	4,155	4,089	4,365	3,794	4,045	4,128	4,198	4,102	4,202	4,186	4,158
41	U.S. parents' payments (table 1, part of line 23)	-9,407	-9,968	-1,991	-2,314	-2,368	-2,733	-2,129	-2,454	-2,509	-2,876	-2,179	-2,355	-2,427	-2,445	-2,330	-2,500	-2,566	-2,572
Foreign direct investment in the United States:																			
42	Income with current-cost adjustment, before deduction of withholding taxes (table 1, line 26)	-45,674	-45,796	-10,323	-11,279	-13,011	-11,061	-10,458	-11,059	-12,170	-12,109	-10,664	-10,887	-12,548	-11,574	-10,796	-10,667	-11,694	-12,642
43	Earnings	-36,129	-33,904	-8,234	-8,949	-10,520	-8,426	-7,811	-7,977	-9,040	-9,076	-8,574	-8,557	-10,057	-8,940	-8,148	-7,586	-8,564	-9,609
44	Distributed earnings	-13,606	-14,351	-2,306	-3,942	-2,728	-4,630	-3,275	-4,098	-2,831	-4,147	-2,213	-3,936	-3,334	-4,124	-3,146	-4,141	-3,416	-3,648
45	Reinvested earnings	-22,524	-19,555	-5,928	-5,007	-7,792	-3,796	-4,536	-3,880	-6,210	-4,929	-6,361	-4,621	-6,723	-4,816	-5,002	-3,445	-5,148	-5,961
46	Interest ¹	-9,545	-11,892	-2,090	-2,330	-2,491	-2,634	-2,648	-3,081	-3,130	-3,033	-2,690	-2,330	-2,491	-2,614	-2,648	-3,081	-3,130	-3,033
47	U.S. affiliates' payments	-11,378	-13,907	-2,441	-2,721	-2,989	-3,227	-3,007	-3,566	-3,632	-3,702	-2,441	-2,721	-2,989	-3,227	-3,007	-3,566	-3,632	-3,702
48	U.S. affiliates' receipts	1,833	2,015	351	391	498	593	359	485	502	669	351	391	498	593	359	485	502	669
49	Less: Current-cost adjustment	-2,701	-3,351	-566	-648	-716	-771	-811	-838	-851	-851	-566	-648	-716	-771	-811	-838	-851	-851
50	Less: Withholding taxes	-471	-521	-88	-109	-118	-156	-91	-138	-127	-165	-71	-141	-123	-136	-70	-178	-134	-141
51	Equals: Income without current-cost adjustment, after deduction of withholding taxes²	-42,502	-41,924	-9,669	-10,522	-12,177	-10,134	-9,556	-10,083	-11,192	-11,093	-10,027	-10,098	-11,709	-10,668	-9			

Table 6.—Securities Transactions
(Millions of dollars)

Line	(Credits +; debits -)	1997	1998 ^a	Not seasonally adjusted							
				1997				1998			
				I	II	III	IV	I	II	III ^r	IV ^r
A1	Foreign securities, net U.S. purchases (-), (table 1, line 45 or lines 2 + 13 below)	-87,981	-89,352	-15,521	-23,263	-41,167	-8,030	-6,973	-27,878	17,056	-71,557
2	Stocks, net U.S. purchases	-41,258	-75,941	-11,653	-13,595	-16,086	76	-3,392	-996	8,223	-79,776
3	New issues in the United States	-15,239	-9,198	-2,255	-2,724	-3,366	-6,894	-1,091	-2,917	-2,707	-2,483
4	Of which Western Europe	-4,888	-3,901	-709	-1,104	-831	-2,244	-90	-1,963	-1,679	-169
5	Canada	(D)	(D)	(D)	-56	-182	-1,172	(D)	(D)	(D)	(D)
6	Latin America	(D)	(D)	(D)	-917	-1,555	-138	(D)	(D)	(D)	(D)
7	Transactions in outstanding stocks, net	-26,019	-66,743	-9,398	-10,871	-12,720	6,970	-2,301	1,921	10,930	-77,293
8	Western Europe	-10,092	-54,858	-4,674	688	-7,136	1,030	2,045	8,508	13,367	-78,778
9	Of which United Kingdom	-15,979	-37,908	-3,025	-2,500	-8,063	-2,391	2,164	8,055	4,068	-52,195
10	Canada	257	4,069	1,480	-806	-1,580	1,163	-29	378	2,659	1,061
11	Japan	-9,445	-1,362	-1,930	-8,684	-3,057	4,226	-2,515	2,740	371	-1,958
12	Other	-6,739	-14,592	-4,274	-2,069	-947	551	-1,802	-9,705	-5,467	2,382
13	Bonds, net U.S. purchases	-46,723	-13,411	-3,868	-9,668	-25,081	-8,106	-3,581	-26,882	8,833	8,219
14	New issues in the United States	-70,948	-55,227	-16,257	-15,956	-24,389	-14,346	-9,513	-22,850	-11,276	-11,588
15	By issuer:										
16	Central governments and their agencies and corporations	-9,988	-8,573	-3,990	-2,861	-2,237	-900	-300	-5,931	-984	-1,358
17	Other governments and their agencies and corporations ¹	-5,232	-3,296	-1,100	-1,100	-3,899	-122		-1,971	-450	-875
18	Private corporations	-55,141	-42,948	-11,167	-12,984	-17,666	-13,324	-9,213	-14,948	-9,842	-8,945
19	International financial institutions ²	-587	-410			-587					-410
20	By area:										
21	Western Europe	-20,353	-14,928	-4,857	-2,614	-5,860	-7,022	-3,185	-4,834	-4,731	-2,178
22	Canada	-6,323	-11,615	-1,220	-1,668	-2,157	-1,278	-775	-2,335	-3,141	-5,364
23	Japan	-135	-2,271				-135		-2,271		
24	Latin America	-19,962	-13,859	-5,925	-5,625	-6,876	-1,536	-1,865	-7,127	-2,466	-2,401
25	Other countries	-23,588	-12,144	-4,255	-6,049	-8,909	-4,375	-1,417	-8,554	-938	-1,235
26	International financial institutions ²	-587	-410			-587					-410
27	Redemptions of U.S.-held foreign bonds ³	15,912	17,525	3,633	1,566	3,947	6,766	3,102	5,580	4,607	4,236
28	Western Europe	4,852	3,682	888	273	988	2,704	1,065	886	1,057	674
29	Canada	3,019	3,136	678	493	1,042	806	890	1,018	591	637
30	Other countries	4,684	10,707	517	701	1,403	2,062	1,147	3,676	2,959	2,925
31	International financial institutions ²	3,357		1,550	99	515	1,193				
32	Other transactions in outstanding bonds, net ³	8,313	24,291	8,756	4,722	-4,639	-526	2,830	-9,612	15,502	15,571
33	Western Europe	2,875	-2,134	5,023	7,258	-7,464	-1,942	-984	-13,011	827	11,034
34	Of which United Kingdom	-1,769	-4,813	2,705	5,738	-8,959	-1,253	-1,641	-10,461	-2,523	9,812
35	Canada	812	3,787	1,501	-398	-1,629	1,338	3	-543	4,002	325
36	Japan	-1,171	6,939	-1,492	-1,590	513	1,398	814	-2,824	3,168	5,781
37	Other	5,797	15,699	3,724	-548	3,941	-1,320	2,997	6,766	7,505	-1,569
B1	U.S. securities, excluding Treasury securities and transactions of foreign official agencies, net foreign purchases (+), (table 1, line 60 or lines 2 + 10 below)	196,845	217,312	45,477	54,258	60,327	36,783	77,019	71,017	20,041	49,235
2	Stocks, net foreign purchases	65,966	46,219	11,815	21,077	23,198	9,876	29,302	14,085	-5,458	8,290
3	By area:										
4	Western Europe	57,345	64,217	11,066	14,504	15,080	16,695	26,278	22,066	13,685	2,188
5	Of which Germany	9,008	10,331	2,778	2,045	2,021	2,164	1,888	4,224	4,024	195
6	Switzerland	7,683	5,983	3,334	2,003	1,030	3,317	3,712	4,623	423	-2,775
7	United Kingdom	21,649	21,882	3,423	6,141	6,610	5,475	10,609	4,050	3,252	3,971
8	Canada	-1,165	-5,741	1,155	148	-1,284	-1,184	-174	-2,037	-354	-2,596
9	Japan	4,689	-2,077	-2,333	4,156	1,403	1,463	-3,247	-253	374	1,049
10	Other	5,097	-10,180	1,927	2,269	7,999	-7,098	6,445	-5,691	-18,583	7,649
11	Corporate and other bonds, net foreign purchases	130,879	171,093	33,662	33,181	37,129	26,907	47,717	56,932	25,499	40,945
12	By type:										
13	New issues sold abroad by U.S. corporations	84,778	53,269	18,400	25,579	28,953	11,846	15,120	15,664	13,314	9,171
14	U.S. federally sponsored agency bonds, net	45,228	49,025	12,557	10,188	12,471	10,012	20,752	16,988	1,346	9,939
15	Other outstanding bonds, net	673	68,799	2,705	-2,586	-4,295	5,049	11,845	24,280	10,839	21,835
16	By area:										
17	Western Europe	73,528	122,983	20,274	19,563	23,617	10,074	25,398	34,810	24,662	38,113
18	Of which Germany	2,587	4,607	486	192	2,123	-213	956	1,819	1,125	707
19	Switzerland	-29	3,571	-339	369	-1,193	1,134	364	1,802	1,290	115
20	United Kingdom	58,310	97,272	17,835	15,922	18,428	6,125	20,337	27,501	18,295	31,139
21	Canada	6,292	5,854	1,803	879	1,513	2,097	1,878	1,498	1,521	957
22	Japan	9,324	8,345	3,160	3,366	4,243	-1,445	664	3,889	-1,262	5,054
23	Other countries	41,667	33,657	8,426	9,370	7,756	16,115	19,752	16,483	683	-3,261
24	International financial institutions ²	64	255	-1	3	-4	66	26	252	-105	82
Memoranda:											
Other foreign transactions in marketable, long-term U.S. securities included elsewhere in international transactions accounts:											
Foreign official assets in the United States (lines in table 9):											
1	U.S. Treasury marketable bonds (line A4)	43,379	4,123	24,897	20,953	8,913	-11,384	6,186	-1,426	-26,755	26,118
2	Other U.S. Government securities (line A6)	4,334	6,332	754	827	2,667	86	2,610	254	1,906	1,562
3	U.S. corporate and other bonds (part of line A14)	1,121	202	365	16	642	98	802		-608	-89
4	U.S. stocks (part of line A14)	-1,775	-3,679	-3,590	915	-9	909	-1,053	30	-1,886	-770
5	Other foreign transactions in U.S. Treasury bonds and notes (table 9, line B4)	139,639	43,757	37,461	34,627	32,938	34,613	5,001	30,251	1,011	7,494

See footnotes on page 59.

Table 7.—Claims on and Liabilities to Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns

[Millions of dollars]

Line	(Credits +; increase in U.S. liabilities or decrease in U.S. assets. Debits -; decrease in U.S. liabilities or increase in U.S. assets.)	1997	1998 ^p	Not seasonally adjusted								Amounts outstanding Dec. 31, 1998
				1997				1998				
				I	II	III	IV	I	II	III ^p	IV ¹	
A1	Claims, total (table 1, line 46)	-120,403	-45,440	-37,880	-9,825	-24,791	-47,907	-6,596	-14,327	-20,320	-4,197	617,085
2	Financial claims	-117,698	-44,336	-38,701	-9,833	-23,641	-45,523	-6,417	-14,194	-19,528	-4,197	584,855
3	Denominated in U.S. dollars	-104,542	-36,997	-33,907	-2,182	-19,771	-48,682	-1,798	-12,927	-18,075	-4,197	484,939
4	Denominated in foreign currencies	-13,156	-7,339	-4,794	-7,651	-3,870	3,159	-4,619	-1,267	-1,453		99,916
5	By type: Deposits ²	-101,026	-36,235	-30,350	-5,012	-20,079	-45,585	18,264	-18,995	-19,504	-16,000	479,292
6	Financial intermediaries' accounts	-16,360	-8,167	-8,837	-4,571	-3,198	246	-23,491	4,664	-1,143	11,803	100,398
7	Other claims ^{2,3}	-312	66	486	-250	-364	-184	-1,190	137	1,119		5,165
8	By area: Industrial countries ⁴	-65,352	-31,131	-23,898	-6,768	-10,014	-24,672	-6,444	-13,437	-11,250		316,279
9	Of which United Kingdom	-43,292	-17,252	-16,704	-6,867	-4,223	-15,498	-2,496	-1,807	-12,949		192,544
10	Canada	256	1,859	894	2,757	-1,143	-2,252	-288	-1,696	3,843		8,867
11	Caribbean banking centers ⁵	-51,178	-24,976	-14,245	-3,269	-12,003	-21,661	2,123	-2,552	-8,547	-16,000	265,065
12	Other	-1,168	11,771	-558	204	-1,624	810	-2,096	1,795	269	11,803	3,511
13	Commercial claims	-2,705	-1,104	821	8	-1,150	-2,384	-179	-133	-792		32,230
14	Denominated in U.S. dollars	-3,287	-1,058	-314	135	-842	-2,266	-565	-427	-66		30,021
15	Denominated in foreign currencies	582	-46	1,135	-127	-308	-118	386	294	-726		2,209
16	By type: Trade receivables	-1,703	-358	950	-57	-252	-2,344	1	134	-493		27,806
17	Advance payments and other claims	-1,002	-746	-129	65	-898	-40	-180	-267	-299		4,424
18	By area: Industrial countries ⁴	-2,004	-876	455	144	-1,001	-1,602	-792	105	-189		18,770
19	Members of OPEC ⁶	-355	236	78	-87	-122	-224	282	-236	190		1,947
20	Other	-346	-464	288	-49	-27	-558	331	-2	-793		11,513
B1	Liabilities, total (table 1, line 61)	107,779	43,803	28,840	5,274	26,275	47,390	32,707	18,040	11,875	-18,819	506,238
2	Financial liabilities	102,493	43,570	27,549	5,029	24,900	45,015	33,126	17,046	12,217	-18,819	469,183
3	Denominated in U.S. dollars	97,454	33,619	25,699	9,591	24,805	37,369	33,348	9,383	9,707	-18,819	415,488
4	Denominated in foreign currencies	5,039	9,951	1,850	-4,552	95	7,646	-222	7,663	2,510		53,695
5	By type: Financial intermediaries' accounts	45,865	15,636	13,682	8,512	948	22,723	14,713	4,907	7,135	-11,119	136,166
6	Other liabilities	56,628	27,934	13,867	-3,483	23,952	22,292	18,413	12,139	5,082	-7,700	333,017
7	By area: Industrial countries ⁴	78,823	39,937	27,831	4,242	12,066	34,684	21,903	15,615	2,419		271,134
8	Of which United Kingdom	36,831	58,025	21,553	-4,411	11,605	8,084	24,802	19,221	14,002		195,901
9	Caribbean banking centers ⁵	22,875	13,350	-787	783	11,326	11,553	9,554	756	10,740	-7,700	188,921
10	Other	795	-9,717	505	4	1,508	-1,222	1,669	675	-942	-11,119	9,128
11	Commercial liabilities	5,286	233	1,291	245	1,375	2,375	-419	994	-342		37,055
12	Denominated in U.S. dollars	4,798	300	1,375	236	1,233	1,954	-131	1,221	-790		35,329
13	Denominated in foreign currencies	488	-67	-84	9	142	421	-288	-227	448		1,726
14	By type: Trade payables	-1,822	-127	-1,200	-393	-168	-61	-700	-280	853		10,439
15	Advance receipts and other liabilities	7,108	360	2,491	638	1,543	2,436	281	1,274	-1,195		26,616
16	By area: Industrial countries ⁴	3,792	747	604	120	847	2,221	-624	1,011	360		23,082
17	Members of OPEC ⁶	848	374	308	-111	661	-10	-74	46	402		4,318
18	Other	646	-888	379	236	-133	164	279	-63	-1,104		9,655

See footnotes on page 59.

Table 8.—Claims on Foreigners Reported by U.S. Banks
[Millions of dollars]

Line	(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)	1997	1998 ^a	Not seasonally adjusted								Amounts outstanding Dec. 31, 1998
				1997				1998				
				I	II	III	IV	I	II	III ^r	IV ^r	
1	Total (table 1, line 47)	-147,439	-31,040	-63,698	-26,625	-29,577	-27,539	3,074	-24,615	-31,996	22,497	1,026,254
2	By type:											
3	Banks' own claims	-129,080	-5,894	-44,859	-26,678	-11,313	-46,230	20,472	-26,534	-26,800	26,968	811,220
4	Payable in dollars	-108,308	-18,065	-36,639	-14,904	-3,951	-52,814	20,583	-40,294	-29,574	31,220	737,207
5	By borrower:											
6	Claims on:											
7	own foreign offices	-90,111	-44,262	-18,767	-19,085	4,974	-57,233	29,298	-32,814	-40,358	-388	486,840
8	unaffiliated foreign banks	4,458	3,957	-4,766	-1,097	14,801	-4,480	1,422	269	-1,140	3,406	105,566
9	foreign public borrowers ¹	1,556	-2,977	-6,622	-562	525	8,215	-7,566	452	1,403	2,834	23,543
10	other private foreigners	-24,211	25,117	-6,484	5,840	-24,251	684	-2,571	-8,201	10,521	25,368	121,258
11	By bank ownership: ²											
12	U.S.-owned banks' claims on:											
13	own foreign offices	-27,616	14,409	6,127	3,428	2,424	-39,595	23,216	-8,977	13,236	-13,066	167,460
14	unaffiliated foreign banks	11,771	-4,351	1,716	586	7,681	1,788	-6,583	-1,731	3,206	757	52,376
15	other foreigners	-15,236	27,187	-1,494	3,059	-12,691	-4,110	-9,038	-5,466	12,808	28,883	101,130
16	Foreign-owned banks' claims on:											
17	own foreign offices	-62,495	-58,671	-24,894	-22,513	2,550	-17,638	6,082	-23,837	-53,594	12,678	319,380
18	unaffiliated foreign banks	-7,313	8,308	-6,482	-1,683	7,120	-6,268	8,005	2,000	-4,346	2,649	53,190
19	other foreigners	-7,419	-4,947	-11,612	2,219	-11,035	13,009	-1,099	-2,283	-884	-681	43,671
20	Payable in foreign currencies	-20,772	12,171	-8,220	-11,774	-7,362	6,584	-111	13,760	2,774	-4,252	74,013
21	Banks' domestic customers' claims	-18,360	-25,146	-18,839	53	-18,264	18,691	-17,398	1,919	-5,196	-4,471	215,034
22	Payable in dollars	-20,861	-3,362	-19,621	122	-18,319	16,957	-17,663	1,347	-4,097	17,051	185,059
23	Deposits	-7,923	-5,457	-17,490	556	-5,869	14,880	-12,296	-1,002	-3,584	11,435	78,167
24	Foreign commercial paper ³	-6,933	-1,700	-1,107	1,131	-8,717	1,760	-10,051	1,460	-1,542	8,333	78,048
25	Other negotiable and readily transferable instruments ⁴	1,521	-232	1,153	-1,508	-3,079	4,955	5,347	-2,227	1,279	-4,631	15,321
26	Outstanding collections and other	-7,527	4,027	-2,177	-58	-654	-4,638	-263	3,116	-240	1,414	13,523
27	Payable in foreign currencies	2,502	-21,784	782	-69	55	1,734	265	572	-1,099	-21,522	29,975
28	By area:											
29	Industrial countries ⁵	-63,400	-41,739	-62,299	-3,019	3,619	-1,701	6,880	-6,947	-37,829	-3,843	551,489
30	Western Europe	-65,715	-46,204	-51,373	1,848	-19,999	3,809	-14,075	-25,662	-13,994	7,527	394,730
31	Of which United Kingdom	-25,136	-14,417	-21,116	3,634	-192	-7,462	6,428	-23,428	11,571	-8,988	179,889
32	Canada	-3,688	-19,617	-12,763	-2,487	14,387	-2,825	-609	952	-15,292	-4,668	79,383
33	Japan	5,806	34,070	1,451	-1,190	7,829	-2,284	20,938	19,290	-8,230	2,072	55,169
34	Other	197	-9,988	386	-1,190	1,402	-401	626	-1,527	-313	-8,774	22,207
35	Caribbean banking centers ⁶	-65,721	-2,505	9,355	-15,666	-33,352	-26,058	-8,664	-22,181	5,702	22,638	306,255
36	Other areas	-18,319	13,204	-10,754	-7,940	155	220	4,858	4,513	131	3,701	168,510
37	Of which Members of OPEC, included below ⁷	-2,645	-7,553	120	-155	1,217	-3,827	2,539	2,128	-4,920	-7,300	26,686
38	Latin America	-16,700	142	-1,798	-4,104	-2,639	-8,159	-5,740	13	691	5,178	95,320
39	Asia	-1,550	18,745	-6,655	-5,743	4,087	6,761	13,865	2,901	1,523	457	63,195
40	Africa	-519	542	-61	-571	82	31	-220	1,511	-588	-161	2,735
41	Other ⁸	450	-6,225	-2,240	2,478	-1,375	1,587	-3,047	88	-1,495	-1,773	7,260
42	Memoranda:											
43	International banking facilities' (IBF's) own claims, payable in dollars (lines 1-13 above)	-37,068	37,458	-10,361	-2,405	2,724	-27,026	24,545	-7,618	6,404	14,127	219,210
44	By borrower:											
45	Claims on:											
46	own foreign offices	-23,167	32,908	-4,188	1,574	-634	-19,919	17,636	-9,559	9,745	15,086	121,198
47	unaffiliated foreign banks	-3,893	5,014	-3,853	-4,704	5,534	-870	7,644	2,707	-3,225	-2,112	54,578
48	foreign public borrowers	15	-123	339	670	-86	-908	-78	-589	968	-424	6,687
49	all other foreigners	-10,023	-341	-2,659	55	-2,090	-5,329	-657	-177	-1,084	1,577	36,747
50	By bank ownership: ²											
51	U.S.-owned IBF's	-10,084	-1,098	-1,963	2,497	1,513	-12,131	107	-2,368	-3,422	4,585	69,121
52	Foreign-owned IBF's	-26,984	38,556	-8,398	-4,902	1,211	-14,895	24,438	-5,250	9,826	9,542	150,089
53	Banks' dollar acceptances payable by foreigners	765	5,100	-614	-235	556	1,258	2,128	892	531	1,549	4,519

See footnotes on page 59.

Table 9.—Foreign Official Assets and Other Foreign Assets in the United States Reported by U.S. Banks

[Millions of dollars]

Line	(Credits +; increase in foreign assets. Debits -; decrease in foreign assets.)	1997	1998 ^p	Not seasonally adjusted								Amounts outstanding Dec. 31, 1998
				1997				1998				
				I	II	III	IV	I	II	III ^r	IV ^p	
A1	Foreign official assets in the United States, net (table 1, line 49)	15,817	-22,112	26,949	-5,411	21,258	-26,979	11,324	-10,274	-46,347	23,185	786,290
	By type:											
2	U.S. Treasury securities (table 1, line 51)	-7,270	-9,946	22,311	-11,689	6,696	-24,578	11,336	-20,318	-32,811	31,847	569,966
3	Bills and certificates	-50,620	-14,149	-2,702	-32,269	-2,340	-13,309	5,034	-19,011	-5,178	6,006	134,162
4	Bonds and notes, marketable	43,379	4,123	24,897	20,953	8,913	-11,384	6,186	-1,426	-26,755	26,118	429,785
5	Bonds and notes, nonmarketable	-29	80	116	-373	113	115	116	119	122	-277	6,019
6	Other U.S. Government securities (table 1, line 52)	4,334	6,332	754	827	2,667	86	2,610	254	1,906	1,562	40,923
7	Other U.S. Government liabilities (table 1, line 53)	-2,521	-2,506	-587	-523	-1,167	-244	-1,059	-422	-264	-761	19,092
8	U.S. liabilities reported by U.S. banks, not included elsewhere (table 1, line 54)	21,928	-12,515	7,696	5,043	12,439	-3,250	-607	9,380	-12,684	-8,604	122,947
9	Banks' liabilities for own account, payable in dollars ¹	22,204	-23,342	11,473	6,853	7,722	-3,844	2,096	-1,750	-17,082	-6,606	78,704
10	Demand deposits	803	472	857	-986	263	569	531	1,025	821	2,786	8,021
11	Time deposits	7,784	-12,719	845	7,210	83	1,136	-1,155	-4,197	-7,968	601	28,677
12	Other liabilities ²	13,617	-11,095	11,261	529	7,376	-5,549	1,916	-10,139	-6,386	-6,386	47,241
13	Banks' custody liabilities, payables in dollars/1.3/	-276	10,827	-3,777	-1,810	4,717	594	-2,703	11,130	4,398	-1,998	44,243
14	Other foreign official assets (table 1, line 55)	-654	-3,477	-3,225	931	633	1,007	-956	832	-2,494	-859	33,362
	By area: (see text table D).											
B1	Other foreign assets in the United States, net (table 1, lines 58 and 62)	294,769	90,628	51,106	70,681	48,038	124,944	-52,198	64,586	75,555	2,685	1,724,196
	By type:											
2	U.S. Treasury securities (line 58)	146,710	48,060	33,363	42,614	35,432	35,301	-1,701	26,916	-1,438	24,283	709,784
	By security:											
3	Bills and certificates	7,071	4,303	-4,098	7,987	2,494	688	-6,702	-3,335	-2,449	16,789	49,241
4	Marketable bonds and notes	139,639	43,757	37,461	34,627	32,938	34,613	5,001	30,251	1,011	7,494	660,543
5	U.S. liabilities reported by U.S. banks (line 62)	148,059	42,568	17,743	28,067	12,606	89,643	-50,497	37,670	76,993	-21,598	1,014,412
6	Banks' own liabilities ¹	121,690	5,347	22,205	11,368	1,448	86,669	-57,832	32,565	52,287	-21,673	906,925
7	Payable in dollars	102,036	24,608	12,362	12,298	-10,435	87,811	-41,428	42,578	49,356	-25,998	805,800
	By account:											
8	Liabilities to own foreign offices	83,407	78,763	11,996	5,144	-6,723	72,990	-45,167	38,567	65,683	19,680	563,763
	Liabilities to unaffiliated foreigners:											
9	demand deposits	4,267	-3,301	-216	2,756	-1,476	3,203	747	3,127	-3,724	-3,451	26,489
10	time deposits	3,813	-34,307	2,514	-9,083	851	9,531	-14,206	7,774	-4,545	-23,330	122,767
11	other liabilities ²	10,549	-16,547	-1,932	13,481	-3,087	2,087	17,198	-6,890	-8,058	-18,797	92,781
	By holder:											
	Liabilities to:											
12	own foreign offices	83,407	78,763	11,996	5,144	-6,723	72,990	-45,167	38,567	65,683	19,680	563,763
13	unaffiliated foreign banks	-3,782	-43,602	-7,393	3,167	-5,205	5,649	-11,973	9,382	-10,731	-30,280	113,461
14	other private foreigners	24,580	-10,194	9,306	2,299	3,465	9,510	11,973	-3,887	-6,017	-12,263	117,749
15	international financial institutions ⁴	-2,169	-359	-1,547	1,688	-1,972	-338	3,739	-1,484	421	-3,035	10,827
	By bank ownership: ⁵											
	U.S.-owned banks' liabilities to:											
16	own foreign offices	42,722	16,624	3,252	-2,555	2,001	40,024	-8,755	7,435	12,034	5,910	213,622
17	unaffiliated foreign banks	-4,197	884	-2,568	7,327	-380	-8,576	3,015	2,461	-1,602	-2,990	42,309
18	other private foreigners and international financial institutions ⁴	18,226	-6,292	332	4,147	1,868	11,879	10,354	-3,966	-5,178	-7,502	87,005
	Foreign-owned banks' liabilities to:											
19	own foreign offices	40,685	62,139	8,744	7,699	-8,724	32,966	-36,412	31,132	53,649	13,770	350,141
20	unaffiliated foreign banks	415	-44,486	-4,825	-4,160	-4,825	14,225	-14,988	6,921	-9,129	-27,290	71,152
21	other private foreigners and international financial institutions ⁴	4,185	-4,261	7,427	-160	-375	-2,707	5,358	-1,405	-418	-7,796	41,571
22	Payable in foreign currencies	19,654	-19,261	9,843	-930	11,883	-1,142	-16,404	-10,013	2,931	4,225	101,125
23	Banks' custody liabilities, payable in dollars/1.3/	26,369	37,221	-4,462	16,699	11,158	2,974	7,335	5,105	24,706	75	107,487
24	Of which negotiable and readily transferable instruments	21,648	35,653	-5,175	13,989	10,812	2,022	5,788	5,237	25,067	-439	96,046
	By area:											
25	Industrial countries ⁶	228,592	56,888	40,950	48,155	45,437	94,050	-40,131	14,149	67,520	15,350	1,081,756
26	Western Europe	194,886	14,541	28,167	34,786	59,412	72,521	-13,847	18,890	43,368	-33,870	750,142
27	Canada	-6,069	1,845	-349	5,078	-9,635	-1,163	-3,534	3,570	932	877	36,257
28	Other	39,775	40,502	13,132	8,291	-4,340	22,692	-22,750	-8,311	23,220	48,343	295,357
29	Caribbean banking centers ⁷	36,148	4,759	832	15,181	-349	20,484	-30,901	54,497	-7,799	-11,038	384,468
30	Other areas	30,029	28,981	9,324	7,345	2,950	10,410	18,834	-4,060	15,834	-1,627	257,972
31	Of which Members of OPEC, included below ⁸	921	-802	1,050	-90	205	-244	3,231	-4,752	1,997	-1,278	32,301
32	Latin America	3,580	13,995	-579	-500	210	4,449	7,995	723	6,068	-791	89,713
33	Asia	23,089	16,908	10,969	1,768	5,215	5,137	4,912	727	7,075	3,394	138,129
34	Africa	997	-1,004	117	877	-245	166	-899	3	-274	4,684	1,000
35	Other ⁹	2,363	-918	-1,183	5,200	-2,230	576	5,761	-4,611	1,888	-3,956	25,446
	Memoranda:											
1	International banking facilities ¹ (IBFs) own liabilities, payable in dollars (in lines A9, and B7 above)	54,455	-35,405	-2,114	8,248	644	47,677	-33,860	-10,712	32,380	-23,213	371,931
	By holder:											
	Liabilities to:											
2	own foreign offices	47,615	22,197	5,660	98	2,990	38,867	-19,741	-12,205	51,826	2,317	231,421
3	unaffiliated foreign banks	-6,394	-39,944	-5,613	-5,316	-2,576	7,111	-16,698	8,816	-11,970	-20,092	73,518
4	foreign official agencies	16,104	-18,265	-1,038	12,249	2,465	2,428	-1,295	-6,822	-6,942	-3,206	38,522
5	other private foreigners and international financial institutions ⁴	-2,870	607	-1,123	1,217	-2,235	-729	3,874	-501	-534	-2,232	28,470
	By bank ownership: ⁵											
6	U.S.-owned IBFs	-664	-6,242	-3,543	-4,925	-2,265	10,069	-4,672	2,695	2,318	-6,583	62,735
7	Foreign-owned IBFs	55,119	-29,163	1,429	13,173	2,909	37,608	-29,188	-13,407	30,062	-16,630	309,196
8	Negotiable certificates of deposit held for foreigners ¹ (in lines A13 and B23 above)	1,473	10,923	-646	1,844	101	174	6,370	-1,187	6,162	-422	26,969

See footnotes on page 59.

FOOTNOTES TO U.S. INTERNATIONAL TRANSACTIONS TABLES 1-10

General notes for all tables: *P* Preliminary. *R* Revised. *Less than \$500,000 (±)
D Suppressed to avoid disclosure of data of individual companies.

- Table 1:**
1. Credits, +: Exports of goods, services, and income; unilateral transfers to United States; capital inflows (increase in foreign assets (U.S. liabilities) or decrease in U.S. assets); decrease in U.S. official reserve assets; increase in foreign official assets in the United States.
 Debits, -: Imports of goods, services, and income; unilateral transfers to foreigners; capital outflows (decrease in foreign assets (U.S. liabilities) or increase in U.S. assets); increase in U.S. official reserve assets; decrease in foreign official assets in the United States.
 2. Excludes exports of goods under U.S. military agency sales contracts identified in Census export documents, excludes imports of goods under direct defense expenditures identified in Census import documents, and reflects various other adjustments (for valuation, coverage, and timing) of Census statistics to balance of payments basis; see table 2.
 3. Includes some goods: Mainly military equipment in line 4; major equipment, other materials, supplies, and petroleum products purchased abroad by U.S. military agencies in line 18; and fuels purchased by airline and steamship operators in lines 7 and 21.
 4. Includes transfers of goods and services under U.S. military grant programs.
 5. Beginning in 1982, these lines are presented on a gross basis. The definition of exports is revised to exclude U.S. parents' payments to foreign affiliates and to include U.S. affiliates' receipts from foreign parents. The definition of imports is revised to include U.S. parents' payments to foreign affiliates and to exclude U.S. affiliates' receipts from foreign parents.
 6. Beginning in 1982, the "other transfers" component includes taxes paid by U.S. private residents to foreign governments and taxes paid by private nonresidents to the U.S. Government.
 7. For all areas, amounts outstanding December 31, 1998, were as follows in millions of dollars: Line 34, 81,761; line 35, 11,046; line 36, 10,603; line 37, 24,111; line 38, 36,001. Data are preliminary.
 8. Includes sales of foreign obligations to foreigners.
 9. Consists of bills, certificates, marketable bonds and notes, and nonmarketable convertible and nonconvertible bonds and notes.
 10. Consists of U.S. Treasury and Export-Import Bank obligations, not included elsewhere, and of debt securities of U.S. Government corporations and agencies.
 11. Includes, primarily, U.S. Government liabilities associated with military agency sales contracts and other transactions arranged with or through foreign official agencies; see table 4.
 12. Consists of investments in U.S. corporate stocks and in debt securities of private corporations and State and local governments.
 13. Conceptually, the sum of lines 71 and 63 is equal to "net foreign investment" in the national income and product accounts (NIPA's). However, the foreign transactions account in the NIPA's (a) includes adjustments to the international transactions accounts for the treatment of gold, (b) includes adjustments for the different geographical treatment of transactions with U.S. territories and Puerto Rico, and (c) includes services furnished without payment by financial pension plans except life insurance carriers and private noninsured pension plans. A reconciliation of the balance on goods and services from the international accounts and the NIPA net exports appears in the "Reconciliation and Other Special Tables" section in this issue of the SURVEY OF CURRENT BUSINESS. A reconciliation of the other foreign transactions in the two sets of accounts appears in table 4.5 of the full set of NIPA tables (published annually in the August issue of the SURVEY).
 14. Additional footnotes for historical data in July issues of the SURVEY.
 15. For 1974, includes extraordinary U.S. Government transactions with India. See "Special U.S. Government Transactions," June 1974 SURVEY, p. 27.
 16. Break in series. See Technical Notes in the June 1989, June 1990, June 1992, June 1993, June 1995, and July 1996-98 issues of the SURVEY.

- Table 2:**
1. Exports, Census basis, represent transactions values, f.a.s. U.S. port of exportation, for all years; imports, Census basis, represent Customs values (see Technical Notes in the June 1982 SURVEY), except for 1974-81, when they represent transactions values, f.a.s. foreign port of exportation (see June issues of the SURVEY for historical data).
 From 1983 forward, both unadjusted and seasonally adjusted data have been prepared by BEA from "actual" and "revised statistical" month data supplied by the Census Bureau (see Technical Notes in the December 1985 SURVEY).
 Seasonally adjusted data reflect the application of seasonal factors developed jointly by Census and BEA. The seasonally adjusted data are the sum of seasonally adjusted five-digit end-use categories (see Technical Notes in the June 1980 SURVEY, in the June 1988 SURVEY, and in the June 1991 SURVEY). Prior to 1983, annual data are as published by the Census Bureau, except that for 1975-80 published Census data are adjusted to include trade between the U.S. Virgin Islands and foreign countries.
 2. Beginning in 1990, the Census Bureau replaced its compiled export statistics with counterpart Canadian import statistics. Similarly, Statistics Canada replaced its compiled export statistics with counterpart U.S. import statistics. This exchange of data has eliminated the need for the inland freight adjustment on U.S. exports, but not on U.S. imports.
 3. Adjustments in lines A5 and A13, B12, B47, and B82 reflect the Census Bureau's reconciliation of discrepancies between the goods statistics published by the United States and the counterpart statistics published in Canada. These adjustments are distributed to the affected end-use categories in section C. Beginning in 1986, estimates for undocumented exports to Canada, the largest item in the U.S.-Canadian reconciliation, are included in Census basis data shown in line A1.
 4. Exports of military equipment under U.S. military agency sales contracts with foreign governments (line A6), and direct imports by the Department of Defense and the Coast Guard (line A14), to the extent such trade is identifiable from Customs declarations. The exports are included in tables 1 and 10, line 4 (transfers under U.S. military agency sales contracts); the imports are included in tables 1 and 10, line 18 (direct defense expenditures).
 5. Addition of electrical energy; deduction of exposed motion picture film for rental rather than sale; net change in stock of U.S.-owned grains in storage in Canada; coverage adjustments for special situations in which shipments were omitted from Census data; deduction of the value of repairs and alterations to foreign-owned equipment shipped to the United States for repair; and the inclusion of fish exported outside of U.S. customs area. Also includes deduction of exports to the Panama Canal Zone before October 1, 1979, and for 1975-82, net timing adjustments for goods recorded in Census data in one period but found to have been shipped in another (see June issues of the SURVEY for historical data).
 6. Coverage adjustments for special situations in which shipments were omitted from Census data; the deduction of the value of repairs and alterations to U.S.-owned equipment shipped abroad for repair; and the adjustment of software imports to market value. Also includes addition of understatement of inland freight in f.a.s. values of U.S. imports of goods from Canada in 1974-81; deduction of imports from the Panama Canal Zone before October 1, 1979; and for 1975-82, net timing adjustments for goods recorded in Census data in one period but found to have been shipped in another (see June issues of the SURVEY for historical data).
 7. For 1988-89, correction for the understatement of crude petroleum imports from Canada.
 8. Annual and unadjusted quarterly data shown in this table correspond to country and area data in table 10, lines 2 and 16. Trade with international organizations includes purchases of nonmonetary gold from the International Monetary Fund, transfers of tin to the International Tin Council (ITC), and sales of satellites to Intelsat. The memorandum are defined as follows: *Industrial countries:* Western Europe, Canada, Japan, Australia, New Zealand, and South Africa; *Members of OPEC:* Venezuela, Ecuador, Iraq, Iran, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Indonesia, Algeria, Libya, Nigeria, and Gabon (Excludes Ecuador beginning in January 1993 and Gabon beginning in January 1995.); *Other countries:* Eastern Europe, Latin America and Other Western Hemisphere, and other countries in Asia and Africa, less OPEC. Before 1984, complete geographic area detail was not available for some balance of payments adjustments. Therefore, the detail shown does not always sum to the values shown for the area aggregates. For all years, "Asia" and "Africa" exclude certain Pacific Islands and unidentified countries included in "Other countries in Asia and Africa."
 9. Includes the former German Democratic Republic (East Germany) beginning in fourth quarter of 1990. In earlier periods, the German Democratic Republic was included in Eastern Europe.
 10. Beginning in 1986, New Zealand and South Africa are included in "Other countries in Asia and Africa," with New Zealand included as part of "Asia" and South Africa as part of "Africa."
 11. Includes nuclear fuel materials and fuels.

- Table 3:**
1. Patented techniques, processes, and formulas and other intangible property rights that are used in goods production.
 2. Copyrights, trademarks, franchises, rights to broadcast live events, and other intangible property rights.
 3. Other unaffiliated services receipts (exports) include mainly expenditures of foreign governments and international organizations in the United States. Payments (imports) include mainly wages of foreign residents temporarily employed in the United States and Canadian and Mexican commuters in U.S. border areas.

- Table 4:**
1. Expenditures to release foreign governments from their contractual liabilities to pay for military goods and services purchased through military sales contracts—first authorized (for Israel) under Public Law 93-199, section 4, and subsequently authorized (for many recipients) under similar legislation—are included in line A3. Deliveries against these military sales contracts are included in line C10; see footnote 2. Of the line A3 items, part of these military expenditures is applied in lines A40 and A43 to reduce short-term assets previously recorded in lines A38 and C8; this application of funds is excluded from lines C3 and C4. A second part of line A3 expenditures finances future deliveries under military sales contracts for the recipient countries and is applied directly to lines A39 and C9. A third part of line A3, disbursed directly to finance purchases by recipient countries from commercial suppliers in the United States, is included in line A34. A fourth part of line A3, representing dollars paid to the recipient countries to finance purchases from countries other than the United States, is included in line A45.
 2. Transactions under military sales contracts are those in which the Department of Defense sells and transfers military goods and services to a foreign purchaser, on a cash or credit basis. Purchases by foreigners directly from commercial suppliers are not included as transactions under military sales contracts. The entries for the several categories of transactions related to military sales contracts in this and other tables are partly estimated from incomplete data.
 3. The identification of transactions involving direct dollar outflows from the United States is made in reports by each operating agency.
 4. Line A35 includes foreign currency collected as interest and line A40 includes foreign currency collected as principal, as recorded in lines A13 and A14, respectively.
 5. Includes (a) advance payments to the Department of Defense (on military sales contracts) financed by loans extended to foreigners by U.S. Government agencies and (b) the contraentry for the part of line C10 that was delivered without prepayment by the foreign purchaser. Also includes expenditures of appropriations available to release foreign purchasers from liability to make repayment.
 6. Includes purchases of loans from U.S. banks and exporters and payments by the U.S. Government under commercial export credit and investment guarantee programs.
 7. Excludes liabilities associated with military sales contracts financed by U.S. Government grants and credits and included in line C2.
 8. Excludes transactions of the U.S. Enrichment Corporation, which became a non-Government entity in July 1998.

- Table 5:**
1. Beginning with 1991, payments and receipts of interest net to interest rate and foreign currency swaps between affiliates and parents are netted and are shown as either net payments or net receipts. Receipts and payments of other types of interest are shown on a gross basis.
 2. Petroleum includes, and manufacturing and "other" industries exclude, the exploration, development, and production of crude oil and gas, and the transportation, refining, and marketing of petroleum products, exclusive of petrochemicals. "Other" industries includes wholesale trade; banking; finance (except banking), insurance, and real estate; services; and other industries—agriculture, forestry, and fishing; mining; construction; transportation, communication, and public utilities; and retail trade.
 3. Acquisition of equity holdings in existing and newly established companies, capital contributions, capitalization of intercompany debt, and other equity contributions.
 4. Sales (total and partial), liquidations, returns of capital contributions, and other dispositions of equity holdings.
- Table 6:**
1. Primarily provincial, regional, and municipal.
 2. Largely transactions by International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Asian Development Bank (ADB), and Inter-American Development Bank (IDB).
 3. Estimate for scheduled redemptions and identifiable early retirements. Includes estimates based on Canadian statistics for redemptions of Canadian issues held in the United States. Unidentified and nonscheduled retirements appear in line A30.

- Table 7:**
1. Estimates of transactions other than those with U.S. banks' Caribbean branches and with financial intermediaries (F.I.s) are not available. Preliminary estimates of transactions with F.I.s, by area, are commingled in "other" to avoid disclosure of individual companies' area data.
 2. Deposits (line A5) include other financial claims (line A7) for some countries due to the commingling of these categories in foreign source data.
 3. Primarily mortgages, loans, and bills and notes drawn on foreigners.
 4. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.
 5. Bahamas, British West Indies (Cayman Islands), Netherlands Antilles, and Panama.
 6. Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Excludes Ecuador beginning in January 1993.
- Table 8:**
1. Includes central governments and their agencies and corporations; state, provincial, and local governments and their agencies and corporations; and international and regional organizations.
 2. U.S.-owned banks are mainly U.S.-chartered banks and Edge Act subsidiaries. U.S. brokers' and dealers' accounts may be commingled in some categories. Foreign-owned banks include U.S. branches and agencies of foreign banks and majority-owned bank subsidiaries in the United States.
 3. Commercial paper issued in the U.S. market by foreign incorporated entities; excludes commercial paper issued through foreign direct investment affiliates in the United States.
 4. Negotiable and readily transferable instruments other than commercial paper, payable in dollars; consists largely of negotiable certificates of deposit.
 5. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.
 6. Bahamas, British West Indies (Cayman Islands), Netherlands Antilles, and Panama.
 7. Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Excludes Ecuador beginning in January 1993.
 8. Includes Eastern Europe and international and regional organizations.

- Table 9:**
1. Negotiable certificates of deposit issued by banks in the United States are included in banks' custody liabilities and are separately identified in memorandum line 8. Nonnegotiable certificates of deposit are included in time deposits.
 2. Includes borrowing under Federal funds or repurchase arrangements, deferred credits, and liabilities other than deposits.
 3. Mainly negotiable and readily transferable instruments, excluding U.S. Treasury securities.
 4. Mainly International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Asian Development Bank (ADB), Inter-American Development Bank (IDB), and the Trust Fund of the International Monetary Fund.
 5. U.S.-owned banks are mainly U.S.-chartered banks and Edge Act subsidiaries. U.S. brokers' and dealers' liabilities may be commingled in some categories. Foreign-owned banks are U.S. branches and agencies of foreign banks and majority-owned bank subsidiaries in the United States.
 6. Western Europe, Canada, Japan, Australia, New Zealand, and South Africa.
 7. Bahamas, British West Indies (Cayman Islands), Netherlands Antilles, and Panama.
 8. Ecuador, Venezuela, Indonesia, and other Asian and African oil-exporting countries. Excludes Ecuador beginning in January 1993.
 9. Includes Eastern Europe and international and regional organizations.
- Table 10:** For footnotes 1-13, see table 1.
14. The "European Union" includes the "European Union (6)," United Kingdom, Denmark, Ireland, Greece, Spain, and Portugal. Beginning with the first quarter of 1995, the "European Union" also includes Austria, Finland, and Sweden.
 15. The "European Union (6)" includes Belgium, France, Germany (includes the former German Democratic Republic (East Germany) beginning in the fourth quarter of 1990), Italy, Luxembourg, Netherlands, European Atomic Energy Community, European Coal and Steel Community, and European Investment Bank.
 16. Includes, as part of international and unallocated, the estimated direct investment in foreign affiliates engaged in international shipping, in operating oil and gas drilling equipment internationally, and in petroleum trading. Also includes taxes withheld; current-cost adjustments associated with U.S. and foreign direct investment; before 1996, small transactions in business services that are not reported by country; and net U.S. currency flows, for which geographic source data are not available.
 17. Details not shown separately; see totals in lines 49 and 56.
 18. Details not shown separately are included in line 62.

Table 10.—U.S. International
[Millions]

Line	(Credits +; debits -) ¹	Western Europe						European Union ¹⁴	
		1997	1998 ²	1998				1997	1998 ²
				I	II	III ³	IV ³		
1	Exports of goods, services, and income	341,590	362,539	91,028	90,139	88,063	93,309	307,694	327,588
2	Goods, adjusted, excluding military ²	152,962	159,555	41,590	39,537	37,207	41,221	138,851	146,361
3	Services ³	87,517	93,670	21,582	23,053	24,832	24,203	77,816	83,736
4	Transfers under U.S. military agency sales contracts ⁴	4,877	4,703	1,066	1,100	1,188	1,349	2,917	2,973
5	Travel	22,038	23,273	4,883	5,570	6,883	5,937	20,246	21,420
6	Passenger fares	6,663	6,919	1,541	1,758	1,980	1,640	6,416	6,684
7	Other transportation	7,704	7,462	1,873	1,849	1,838	1,902	6,409	6,366
8	Royalties and license fees ⁵	16,320	18,164	4,252	4,480	4,412	5,020	15,465	17,210
9	Other private services ⁵	29,755	32,988	7,927	8,256	8,491	8,314	26,224	28,942
10	U.S. Government miscellaneous services	160	161	40	40	40	41	139	141
11	Income receipts on U.S. assets abroad	101,314	109,314	27,856	27,549	26,024	27,885	91,027	97,491
12	Direct investment receipts	47,180	50,945	12,970	13,236	11,240	13,499	41,024	43,976
13	Other private receipts	53,010	57,399	14,606	14,135	14,501	14,157	49,214	52,671
14	U.S. Government receipts	921	970	280	178	283	229	789	844
15	Imports of goods, services, and income	-364,089	-398,669	-93,117	-99,829	-102,610	-103,113	-329,621	-362,637
16	Goods, adjusted, excluding military ²	-175,770	-193,967	-44,938	-48,104	-48,457	-52,468	-160,145	-176,055
17	Services ³	-67,745	-71,784	-15,721	-19,017	-20,049	-16,997	-59,526	-63,818
18	Direct defense expenditures	-6,909	-6,686	-1,734	-1,601	-1,671	-1,680	-5,410	-5,753
19	Travel	-16,906	-17,799	-3,267	-5,335	-5,781	-3,416	-15,104	-15,952
20	Passenger fares	-8,859	-9,147	-1,904	-2,657	-2,766	-1,820	-8,051	-8,325
21	Other transportation	-10,284	-10,590	-2,517	-2,680	-2,711	-2,702	-8,141	-8,518
22	Royalties and license fees ⁵	-5,903	-6,438	-1,572	-1,562	-1,615	-1,669	-5,035	-5,519
23	Other private services ⁵	-17,716	-19,931	-4,433	-4,886	-5,205	-5,407	-16,781	-18,726
24	U.S. Government miscellaneous services	-1,168	-1,193	-294	-296	-300	-303	-1,004	-1,025
25	Income payments on foreign assets in the United States	-120,574	-132,918	-32,458	-32,708	-34,104	-33,648	-109,950	-122,764
26	Direct investment payments	-31,233	-30,230	-7,606	-7,182	-7,807	-7,635	-28,184	-27,900
27	Other private payments	-55,253	-63,415	-15,120	-15,634	-16,414	-16,247	-50,758	-58,446
28	U.S. Government payments	-34,088	-39,273	-9,732	-9,892	-9,883	-9,766	-31,008	-36,418
29	Unilateral transfers, net	-231	-180	-41	-52	-65	-22	800	764
30	U.S. Government grants ⁴	-560	-411	-70	-153	-133	-55	-29	
31	U.S. Government pensions and other transfers	-1,300	-1,355	-333	-327	-321	-374	-1,116	-1,162
32	Private remittances and other transfers ⁶	1,629	1,586	362	428	389	407	1,945	1,926
33	U.S. assets abroad, net (increase/capital outflow (-))	-217,475	-225,510	-42,410	-73,296	-31,325	-78,479	-193,597	-198,598
34	U.S. official reserve assets, net ⁷	-611	-2,735	-151	-148	-50	-2,386	-1,377	4,598
35	Gold								
36	Special drawing rights								
37	Reserve position in the International Monetary Fund								
38	Foreign currencies	-611	-2,735	-151	-148	-50	-2,386	-1,377	4,598
39	U.S. Government assets, other than official reserve assets, net	531	641	187	5	272	177	356	428
40	U.S. credits and other long-term assets	-332	-278	-93	-5	-76	-50	-166	-174
41	Repayments on U.S. credits and other long-term assets ⁸	904	914	273	126	277	238	564	602
42	U.S. foreign currency holdings and U.S. short-term assets, net	-41	5	7	-62	71	-11	-42	(⁹)
43	U.S. private assets, net	-217,395	-223,416	-42,446	-73,153	-31,547	-76,270	-192,576	-203,624
44	Direct investment	-59,037	-73,561	-22,106	-25,519	-11,590	-14,346	-52,898	-66,400
45	Foreign securities	-27,606	-42,051	-1,060	-10,414	8,840	-69,417	-26,893	-74,910
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-65,039	-31,557	-5,201	-11,559	-14,797		-62,796	-28,792
47	U.S. claims reported by U.S. banks, not included elsewhere	-65,713	-46,247	-14,079	-25,661	-14,000	7,493	-49,989	-33,522
48	Foreign assets in the United States, net (increase/capital inflow (+))	472,494	414,512	78,157	112,503	101,318	122,534	434,595	404,008
49	Foreign official assets in the United States, net	7,604	4,124	-3,511	5,245	-3,610	6,000	(18)	(18)
50	U.S. Government securities	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
51	U.S. Treasury securities ⁹	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
52	Other ¹⁰	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
53	Other U.S. Government liabilities ¹¹	-223	-671	-97	25	-139	-460	129	91
54	U.S. liabilities reported by U.S. banks, not included elsewhere	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
55	Other foreign official assets ¹²	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
56	Other foreign assets in the United States, net	464,890	410,388	81,668	107,258	104,928	116,534	(18)	(18)
57	Direct investment	59,975	164,176	20,441	14,642	19,156	109,937	50,263	155,155
58	U.S. Treasury securities	(17)	(17)	(17)	(17)	(17)	(17)	(18)	(18)
59	U.S. currency								
60	U.S. securities other than U.S. Treasury securities	130,871	187,199	51,675	56,874	38,347	40,303	121,597	177,256
61	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	79,246	44,124	23,367	16,866	3,891		64,421	61,878
62	U.S. liabilities reported by U.S. banks, not included elsewhere	(17)	(17)	(17)	(17)	(17)	(17)	18 198,185	18 9,628
63	Allocations of special drawing rights								
64	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	-232,289	-152,692	-33,617	-29,465	-55,381	-34,229	-219,871	-171,125
	Memoranda:								
65	Balance on goods (lines 2 and 16)	-22,808	-34,412	-3,348	-8,567	-11,250	-11,247	-21,294	-29,694
66	Balance on services (lines 3 and 17)	19,772	21,886	5,861	4,036	4,783	7,206	18,290	19,918
67	Balance on goods and services (lines 65 and 66)	-3,036	-12,526	2,513	-4,531	-6,467	-4,041	-3,004	-9,776
68	Balance on investment income (lines 11 and 25)	-19,463	-23,604	-4,602	-5,159	-8,080	-5,763	-18,923	-25,273
69	Balance on goods, services, and income (lines 1 and 15 or lines 67 and 68) ¹³	-22,499	-36,130	-2,089	-9,690	-14,547	-9,804	-21,927	-35,049
70	Unilateral transfers, net (line 29)	-231	-180	-41	-52	-65	-22	800	764
71	Balance on current account (lines 1, 15, and 29 or lines 69 and 70) ¹³	-22,730	-36,310	-2,130	-9,742	-14,612	-9,826	-21,127	-34,285

Transactions, by Area

[of dollars]

European Union ¹⁴				United Kingdom						European Union (6) ¹⁵				Line		
1998				1997	1998 ^P	1998				1997	1998 ^P	1998				
I	II	III ^r	IV ^P			I	II	III ^r	IV ^P			I	II		III ^r	IV ^P
83,138	81,685	79,260	83,505	97,947	103,996	26,341	26,418	25,321	25,916	161,149	171,395	43,343	42,361	41,603	44,088	1
38,711	36,424	34,143	37,083	35,912	37,880	10,070	9,761	9,292	8,757	82,498	85,959	22,473	21,149	19,829	22,508	2
19,257	20,636	22,185	21,658	24,191	26,915	6,129	6,792	7,077	6,917	39,202	40,864	9,325	9,843	11,118	10,578	3
675	696	686	916	516	380	89	91	98	102	670	952	160	165	224	403	4
4,502	5,082	6,370	5,466	7,090	8,185	1,655	2,060	2,335	2,135	9,760	9,465	1,999	2,125	3,027	2,314	5
1,489	1,705	1,906	1,584	2,191	2,561	585	668	700	608	3,390	3,257	713	812	967	765	6
1,619	1,569	1,558	1,620	1,715	1,647	405	405	399	438	2,993	3,080	784	761	763	772	7
4,002	4,264	4,183	4,761	3,175	3,481	809	866	862	944	9,356	9,986	2,315	2,430	2,449	2,792	8
6,935	7,285	7,447	7,275	9,460	10,608	2,573	2,689	2,670	2,676	12,964	14,056	3,337	3,533	3,671	3,515	9
35	35	35	36	44	53	13	13	13	14	69	68	17	17	17	17	10
25,170	24,625	22,932	24,764	37,844	39,201	10,142	9,865	8,952	10,242	39,449	44,572	11,545	11,369	10,656	11,002	11
11,385	11,458	9,529	11,604	12,898	12,048	3,234	3,032	2,176	3,606	21,534	25,006	6,669	6,845	5,909	6,183	12
13,549	13,009	13,164	12,949	24,920	27,130	6,908	6,833	6,776	6,613	17,377	18,354	4,731	4,382	4,592	4,649	13
236	158	239	211	26	23				23	538	612	145	142	155	170	14
-84,530	-90,721	-93,550	-93,836	-119,457	-129,337	-30,897	-31,995	-33,097	-33,348	-166,013	-182,560	-42,504	-45,754	-46,740	-47,562	15
-40,618	-43,946	-43,962	-47,529	-32,496	-34,374	-8,111	-8,674	-8,517	-9,072	-101,457	-111,024	-25,671	-27,651	-27,357	-30,345	16
-14,067	-16,758	-17,871	-15,122	-21,914	-23,491	-5,348	-5,994	-6,453	-5,696	-29,128	-31,519	-6,850	-8,383	-8,721	-7,565	17
-1,436	-1,384	-1,453	-1,480	-578	-640	-131	-119	-210	-180	-4,429	-4,750	-1,218	-1,173	-1,149	-1,210	18
-3,002	-4,630	-5,211	-3,109	-4,703	-5,065	-1,006	-1,405	-1,527	-1,127	-7,749	-8,063	-1,496	-2,392	-2,633	-1,542	19
-1,728	-2,413	-2,527	-1,657	-3,209	-3,368	-736	-964	-1,030	-638	-3,366	-3,435	-689	-1,031	-1,001	-714	20
-2,090	-2,135	-2,156	-2,137	-2,205	-2,369	-564	-557	-622	-626	-4,063	-4,281	-1,063	-1,077	-1,071	-1,070	21
-1,364	-1,334	-1,392	-1,429	-2,116	-1,989	-541	-429	-506	-513	-2,379	-2,872	-690	-755	-708	-719	22
-4,195	-4,608	-4,874	-5,049	-9,013	-9,957	-2,346	-2,494	-2,532	-2,585	-6,386	-7,360	-1,507	-1,768	-1,968	-2,117	23
-252	-254	-258	-261	-90	-103	-24	-26	-26	-27	-756	-758	-187	-187	-191	-193	24
-29,845	-30,017	-31,717	-31,185	-65,047	-71,472	-17,438	-17,327	-18,127	-18,580	-35,428	-40,017	-9,983	-9,720	-10,662	-9,652	25
-6,868	-6,462	-7,480	-7,090	-11,700	-12,945	-3,322	-3,999	-4,252	-4,772	-14,072	-14,973	-3,979	-3,422	-4,219	-3,353	26
-13,938	-14,436	-15,089	-14,983	-36,188	-41,400	-9,882	-10,174	-10,711	-10,633	-12,170	-14,192	-3,405	-3,570	-3,685	-3,532	27
-9,039	-9,119	-9,148	-9,112	-17,159	-20,727	-5,234	-5,154	-5,164	-5,175	-9,186	-10,852	-2,599	-2,728	-2,758	-2,767	28
171	208	196	189	1,323	1,396	346	369	331	350	272	189	30	37	76	46	29
-289	-291	-289	-293	-189	-193	-50	-50	-45	-48	-631	-649	-159	-161	-163	-166	30
460	499	485	482	1,512	1,589	396	419	376	398	903	838	189	198	239	212	32
-38,517	-67,368	-11,546	-81,167	-119,436	-118,809	-7,058	-45,432	-7,992	-58,327	-54,496	-57,433	-14,637	-12,137	-6,015	-24,644	33
-420	-135	-3	5,156							-1,377	4,598	-420	-135	-3	5,156	34
																35
																36
																37
-420	-135	-3	5,156							-1,377	4,598	-420	-135	-3	5,156	38
136	-10	182	120	129	129		2	-4	131	-42	-6	9	-8	10	-17	39
-77	-38	-31	-28													40
204	30	203	165	127	130				130							41
9	-2	10	-17	2	-1		2	-4	1	-42	-6		-8	10	-17	42
-38,233	-67,223	-11,725	-86,443	-119,565	-118,938	-7,058	-45,434	-7,988	-58,458	-53,077	-62,025	-14,226	-11,994	-6,022	-29,783	43
-20,009	-23,990	-10,343	-12,058	-22,436	-34,348	-9,247	-14,583	-4,991	-5,527	-24,311	-23,750	-7,151	-7,139	-4,310	-5,150	44
-948	-12,346	5,748	-67,364	-27,995	-51,814	-569	-5,801	-1,501	-43,943	1,839	-20,280	296	-1,725	3,283	-22,134	45
-4,128	-10,651	-14,013		-43,998	-18,359	-1,622	-13,067			-12,619	-13,067	4,272	-7,859	-2,696		46
-13,148	-20,236	6,883	-7,021	-25,136	-14,417	6,428	-23,428	11,571	-8,988	-17,986	-11,712	-11,643	4,729	-2,299	-2,499	47
75,869	103,234	110,269	114,636	257,531	254,001	61,970	62,719	59,249	70,663	143,229	132,809	10,785	34,309	41,716	45,999	48
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	49
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	50
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	51
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	52
10	168	138	-225	-58	41	13	46	76	-96	311	102	37	139	52	-126	53
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	54
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	55
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	56
16,661	15,036	18,352	105,106	8,582	71,186	8,302	5,613	-7,815	65,086	32,736	74,003	6,404	7,932	23,308	36,359	57
(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	58
47,178	50,245	36,257	43,576	79,957	119,152	30,946	31,551	21,546	35,109	34,370	50,014	13,261	16,230	13,650	6,873	60
28,307	15,837	17,734		37,622	57,549	25,486	19,387	12,676		25,413	3,140	1,718	-3,984	5,406		61
18-16,287	18-21,948	18-37,768	18-33,821	18-131,228	18-6,073	18-2,777	18-6,122	18-32,764	18-30,036	18-50,399	18-5,550	18-10,635	18-13,992	18-700	18-2,893	62
																63
-36,131	-27,038	-84,629	-23,327	-117,908	-111,247	-50,702	-12,079	-43,812	-4,654	-84,141	-64,400	2,983	-18,816	-30,640	-17,927	64
-1,907	-7,522	-9,819	-10,446	3,416	3,506	1,959	1,087	775	-315	-18,959	-25,065	-3,198	-6,502	-7,528	-7,837	65
5,190	3,878	4,314	6,536	2,277	3,424	781	798	624	1,221	10,074	9,345	2,475	1,460	2,397	3,013	66
3,283	-3,644	-5,505	-3,910	5,693	6,930	2,740	1,885	1,399	906	-8,885	-15,720	-723	-5,042	-5,131	-4,824	67
-4,675	-5,392	-8,785	-6,421	-27,203	-32,271	-7,296	-7,462	-9,175	-8,338	4,021	4,555	1,562	1,649	-6	1,350	68
-1,392	-9,036	-14,290	-10,331	-21,510	-25,341	-4,556	-5,577	-7,776	-7,432	-4,864	-11,165	839	-3,393	-5,137	-3,474	69
171	208	196	189	1,323	1,396	346	369	331	350	272	189	30	37	76	46	70
-1,221	-8,828	-14,094	-10,142	-20,187	-23,945	-4,210	-5,208	-7,445	-7,082	-4,592	-10,976	869	-3,356	-5,061	-3,428	

Table 10.—U.S. International
[Millions]

Line	(Credits +; debits -) ¹	Eastern Europe						Canada	
		1997	1998 ^p	1998				1997	1998 ^p
				I	II	III ^r	IV ^p		
1	Exports of goods, services, and income	13,294	12,213	3,448	3,582	2,814	2,369	193,232	194,828
2	Goods, adjusted, excluding military ²	7,750	7,413	2,008	2,319	1,665	1,421	152,047	156,540
3	Services ³	3,884	3,991	950	968	1,093	980	20,645	19,921
4	Transfers under U.S. military agency sales contracts ⁴	339	336	89	60	104	83	93	79
5	Travel	1,249	1,344	254	374	399	317	6,824	6,139
6	Passenger fares	144	172	39	44	47	42	1,409	1,493
7	Other transportation	442	296	79	72	70	75	2,384	2,395
8	Royalties and license fees ⁵	221	268	61	69	69	69	1,561	1,483
9	Other private services ⁵	1,445	1,535	418	339	394	384	8,323	8,316
10	U.S. Government miscellaneous services	44	40	10	10	10	10	51	16
11	Income receipts on U.S. assets abroad	1,660	809	490	295	56	-32	20,540	18,367
12	Direct investment receipts	688	-113	231	68	-197	-215	10,692	8,310
13	Other private receipts	711	684	173	179	180	152	9,848	10,057
14	U.S. Government receipts	261	238	86	48	73	31		
15	Imports of goods, services, and income	-12,679	-14,909	-3,273	-3,914	-4,108	-3,614	-193,637	-202,000
16	Goods, adjusted, excluding military ²	-8,481	-10,882	-2,418	-2,847	-2,877	-2,740	-171,024	-177,358
17	Services ³	-2,519	-2,411	-493	-650	-792	-476	-14,260	-15,930
18	Direct defense expenditures	-276	-151	-41	-30	-50	-30	-57	-58
19	Travel	-946	-888	-137	-265	-373	-113	-4,901	-5,690
20	Passenger fares	-317	-328	-51	-99	-111	-67	-470	-585
21	Other transportation	-272	-242	-67	-57	-58	-60	-3,037	-3,075
22	Royalties and license fees ⁵	-15	-14	-5	-3	-3	-3	-317	-388
23	Other private services ⁵	-631	-728	-177	-181	-182	-188	-5,338	-5,990
24	U.S. Government miscellaneous services	-62	-60	-15	-15	-15	-15	-140	-144
25	Income payments on foreign assets in the United States	-1,679	-1,616	-362	-417	-439	-398	-8,353	-8,712
26	Direct investment payments	-12	-12	-1	-2	-5	-4	-3,215	-3,683
27	Other private payments	-479	-498	-120	-130	-148	-100	-4,083	-4,154
28	U.S. Government payments	-1,188	-1,106	-241	-285	-286	-294	-1,055	-875
29	Unilateral transfers, net	-2,780	-3,154	-671	-823	-946	-714	-366	-474
30	U.S. Government grants ⁴	-1,394	-1,686	-296	-459	-593	-338		
31	U.S. Government pensions and other transfers	-39	-39	-10	-10	-10	-9	-407	-484
32	Private remittances and other transfers ⁶	-1,347	-1,429	-365	-354	-343	-367	41	10
33	U.S. assets abroad, net (increase/capital outflow (-))	-4,060	-45	-165	-1,086	1,537	-331	-18,432	-30,446
34	U.S. official reserve assets, net ⁷								
35	Gold								
36	Special drawing rights								
37	Reserve position in the International Monetary Fund								
38	Foreign currencies								
39	U.S. Government assets, other than official reserve assets, net	8	71	-27	35	72	-9	23	(*)
40	U.S. credits and other long-term assets	-650	-470	-174	-10	-267	-19		
41	Repayments on U.S. credits and other long-term assets ⁸	615	446	147	10	273	16		
42	U.S. foreign currency holdings and U.S. short-term assets, net	43	95		35	66	-6	23	(*)
43	U.S. private assets, net	-4,068	-116	-138	-1,121	1,465	-322	-18,455	-30,446
44	Direct investment	-1,520	-1,540	-703	-659	-216	38	-10,733	-11,767
45	Foreign securities	-1,960	-829	4	-392	427	-868	-3,827	-1,148
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-250	173	136	-241	278		-407	2,086
47	U.S. claims reported by U.S. banks, not included elsewhere	-338	2,080	425	171	976	508	-3,688	-19,617
48	Foreign assets in the United States, net (increase/capital inflow (+))	-581	-1,490	-1,303	-991	-2,097	2,901	7,235	19,758
49	Foreign official assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)	-2,527	539
50	U.S. Government securities	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
51	U.S. Treasury securities ⁹	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
52	Other ¹⁰	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
53	Other U.S. Government liabilities ¹¹	-14	187	72	-44	10	149	19	1
54	U.S. liabilities reported by U.S. banks, not included elsewhere	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
55	Other foreign official assets ¹²	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
56	Other foreign assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)	9,762	19,219
57	Direct investment	46	36	32	4	-9	9	9,412	15,577
58	U.S. Treasury securities	(18)	(18)	(18)	(18)	(18)	(18)	(17)	(17)
59	U.S. currency								
60	U.S. securities other than U.S. Treasury securities		472	64	199	209		5,127	113
61	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns		259	38	11	10		1,292	1,685
62	U.S. liabilities reported by U.S. banks, not included elsewhere	¹⁸ -1,143	¹⁸ -2,244	¹⁸ -1,509	¹⁸ -1,161	¹⁸ -2,317	¹⁸ 2,743	(17)	(17)
63	Allocations of special drawing rights								
64	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	6,806	7,385	1,964	3,232	2,800	-611	11,968	18,334
Memoranda:									
65	Balance on goods (lines 2 and 16)	-731	-3,469	-410	-528	-1,212	-1,319	-18,977	-20,818
66	Balance on services (lines 3 and 17)	1,365	1,580	457	318	301	504	6,385	3,991
67	Balance on goods and services (lines 65 and 66)	634	-1,889	47	-210	-911	-815	-12,592	-16,827
68	Balance on investment income (lines 11 and 25)	-19	-807	128	-122	-383	-430	12,187	9,655
69	Balance on goods, services, and income (lines 1 and 15 or lines 67 and 68) ¹³	615	-2,696	175	-332	-1,294	-1,245	-4,005	-7,172
70	Unilateral transfers, net (line 29)	-2,780	-3,154	-671	-823	-946	-714	-366	-474
71	Balance on current account (lines 1, 15, and 29 or lines 69 and 70) ¹³	-2,165	-5,850	-496	-1,155	-2,240	-1,959	-771	-7,646

Transactions, by Area—Continued

[of dollars]

Canada				Latin America and Other Western Hemisphere							Japan							Line
1998				1997	1998 ^P	1998				1997	1998 ^P	1998						
I	II	III ^r	IV ^P			I	II	III ^r	IV ^P			I	II	III ^r	IV ^P			
49,825	50,815	44,720	49,468	235,434	247,578	61,402	62,180	61,143	62,853	109,000	96,327	25,947	23,879	23,765	22,736	1		
39,575	40,877	35,819	40,269	134,272	142,218	35,281	35,699	34,341	36,897	64,600	56,637	14,782	14,086	14,077	13,692	2		
5,258	5,198	4,794	4,671	42,724	45,173	10,583	10,729	11,960	11,901	34,619	31,889	8,456	7,802	8,081	7,550	3		
23	24	18	14	420	517	158	154	96	109	559	955	638	109	142	66	4		
1,823	1,857	1,292	1,167	18,113	18,833	4,309	4,238	5,240	5,046	11,068	9,539	2,085	2,541	2,718	2,195	5		
444	379	347	323	4,713	5,207	1,200	1,298	1,367	1,342	5,442	4,223	1,159	1,060	1,095	909	6		
580	594	574	647	3,692	3,505	836	823	885	961	3,231	2,888	717	740	685	746	7		
343	367	363	410	2,116	2,312	535	569	570	638	6,643	6,029	1,614	1,485	1,391	1,539	8		
2,041	1,973	2,196	2,106	13,520	14,647	3,507	3,609	3,764	3,767	7,618	8,211	2,232	1,856	2,039	2,084	9		
4	4	4	4	150	152	38	38	38	38	58	44	11	11	11	11	10		
4,992	4,740	4,107	4,528	58,438	60,187	15,538	15,752	14,842	14,055	9,781	7,801	2,709	1,991	1,607	1,494	11		
2,483	2,251	1,545	2,021	19,992	16,156	4,651	4,322	3,701	3,482	3,197	1,613	740	377	239	257	12		
2,499	2,489	2,562	2,507	37,998	43,655	10,818	11,330	11,038	10,469	6,532	6,126	1,940	1,603	1,358	1,225	13		
				448	376	69	100	103	104	52	62	29	11	10	12	14		
-48,896	-51,129	-49,465	-52,510	-220,175	-230,747	-55,814	-57,944	-58,164	-58,825	-172,956	-172,611	-42,280	-42,135	-42,724	-45,472	15		
-43,891	-44,917	-42,065	-46,485	-140,378	-145,871	-34,847	-36,728	-36,440	-37,856	-121,658	-121,985	-30,353	-29,972	-29,843	-31,817	16		
-3,127	-4,030	-5,083	-3,690	-33,320	-34,460	-8,357	-8,545	-8,746	-8,812	-15,540	-15,826	-3,764	-3,871	-4,021	-4,170	17		
-12	-16	-15	-15	-363	-371	-93	-78	-98	-102	-1,170	-1,379	-362	-308	-339	-370	18		
-772	-1,501	-2,453	-964	-14,956	-15,394	-3,802	-3,861	-3,814	-3,917	-2,939	-3,085	-625	-720	-985	-755	19		
-99	-165	-200	-121	-2,781	-2,802	-772	-641	-716	-673	-757	-784	-181	-208	-185	-210	20		
-726	-754	-740	-855	-2,464	-2,409	-571	-613	-589	-636	-4,182	-4,042	-990	-1,023	-948	-1,081	21		
-105	-86	-96	-101	-187	-171	-51	-51	-36	-33	-2,082	-2,345	-502	-634	-558	-651	22		
-1,377	-1,472	-1,543	-1,598	-12,121	-12,869	-2,957	-3,190	-3,382	-3,340	-4,293	-4,055	-1,070	-944	-972	-1,069	23		
-36	-36	-36	-36	-448	-444	-111	-111	-111	-111	-117	-136	-34	-34	-34	-34	24		
-1,878	-2,182	-2,317	-2,335	-46,477	-50,416	-12,610	-12,671	-12,978	-12,157	-35,758	-34,800	-8,163	-8,292	-8,860	-9,485	25		
-618	-963	-1,038	-1,064	-2,003	-2,078	-684	-413	-486	-495	-6,361	-5,435	-639	-1,325	-1,575	-1,896	26		
-997	-996	-1,078	-1,083	-32,913	-36,934	-9,080	-9,323	-9,532	-8,999	-7,993	-9,407	-2,354	-1,994	-2,381	-2,678	27		
-263	-223	-201	-188	-11,561	-11,404	-2,946	-2,935	-2,960	-2,863	-21,404	-19,958	-5,170	-4,974	-4,904	-4,911	28		
-132	-104	-128	-110	-11,236	-12,109	-2,953	-2,911	-3,037	-3,208	-137	-185	-75	-26	-56	-28	29		
				-1,186	-1,196	-315	-229	-288	-364							30		
-120	-119	-120	-125	-688	-686	-160	-151	-175	-200	-91	-96	-24	-25	-25	-22	31		
-12	15	-8	15	-9,382	-10,227	-2,478	-2,531	-2,574	-2,644	-46	-89	-51	-1	-31	-6	32		
-4,664	-4,186	-9,156	-12,440	-179,308	-57,963	-16,386	-38,943	-9,422	6,788	-6,887	32,646	14,884	16,876	-5,425	6,311	33		
				3,500						26	1,218	-26	-838	-86	2,168	34		
																35		
				3,500						26	1,218	-26	-838	-86	2,168	36		
																37		
1	-1			477	101	102	166	-43	-124	13	3	10	2	2	-11	39		
				-1,083	-1,398	-245	-138	-445	-570							40		
				1,562	1,512	347	311	406	448							41		
1	-1			-2	-13	(*)	-7	-4	-2	13	3	10	2	2	-11	42		
-4,665	-4,185	-9,156	-12,440	-183,285	-58,064	-16,488	-39,109	-9,379	6,912	-6,926	31,425	14,900	17,712	-5,341	4,154	43		
-3,440	-1,966	-1,930	-4,431	-23,784	-17,525	-5,300	-3,880	-3,474	-4,871	-783	-2,431	-494	-1,877	-345	285	44		
46	-1,591	3,738	-3,341	-25,516	-11,813	1,927	-10,071	-3,720	51	-9,959	2,080	-3,972	569	3,686	1,797	45		
-662	-1,580	4,328		-51,569	-26,538	1,247	-3,052	-8,733	-16,000	-1,990	-2,294	-1,572	-270	-452		46		
-609	952	-15,292	-4,668	-82,416	-2,188	-14,362	-22,106	6,548	27,732	5,806	34,070	20,938	19,290	-8,230	2,072	47		
458	4,240	10,340	4,720	122,200	43,432	10,925	70,496	-22,729	-15,260	70,182	39,401	-20,119	-21,938	25,085	56,373	48		
1,531	-879	-3,226	3,113	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	49		
(17)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	50		
(17)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	51		
(17)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	52		
	5		-4	-7	-144	-64	-71	-2	-7	269	-112	-625	489	102	-78	53		
(17)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	54		
(17)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	55		
-1,073	5,119	13,566	1,607	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	56		
791	1,695	10,721	2,370	5,920	3,865	571	1,014	-173	2,453	9,431	8,713	3,569	298	1,413	3,433	57		
(17)	(17)	(17)	(17)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	(18)	58		
1,703	-539	588	-1,639	37,849	24,032	22,842	10,301	-10,757	1,646	14,013	6,269	-2,583	3,637	-888	6,103	60		
-33	393	1,325		13,951	9,729	1,276	10,646	10,646	-7,700	2,038	-6,594	-1,855	-2,261	-2,478		61		
(17)	(17)	(17)	(17)	18 65,391	18 1,728	18 -22,153	18 57,976	18 -22,443	18 -11,652	18 44,431	18 31,125	18 -18,625	18 -24,101	18 26,936	18 46,915	62		
																63		
3,409	364	3,689	10,872	53,085	9,809	2,826	-32,878	32,209	7,652	798	4,422	21,643	23,344	-645	-39,920	64		
-4,316	-4,040	-6,246	-6,216	-6,106	-3,653	434	-1,029	-2,099	-959	-57,058	-65,348	-15,571	-15,886	-15,766	-18,125	65		
2,131	1,168	-289	981	9,404	10,713	2,226	2,184	3,214	3,089	19,079	16,063	4,692	3,931	4,060	3,380	66		
-2,185	-2,872	-6,535	-5,235	3,298	7,060	2,660	1,155	2,130	1,115	-37,979	-49,285	-10,879	-11,955	-11,706	-14,745	67		
3,114	2,558	1,790	11,961	2,193	9,771	2,928	3,081	1,864	1,898	-25,977	-26,999	-5,454	-6,301	-7,253	-7,991	68		
929	-314	-4,745	-3,042	15,259	16,831	5,588	4,236	2,979	4,028	-63,956	-76,284	-16,333	-18,256	-18,959	-22,736	69		
-132	-104	-128	-110	-11,236	-12,109	-2,953	-2,911	-3,037	-3,208	-137	-185	-75	-26	-56	-28	70		
797	-418	-4,873	-3,152	4,023	4,722	2,635	1,325	-58	820	-64,093	-76,469	-16,408	-18,282	-19,015	-22,764	71		

Table 10.—U.S. International
[Millions]

Line	(Credits +; debits -) ¹	Australia					
		1997	1998 ^a	1998			
				I	II	III ^c	IV ^d
1	Exports of goods, services, and income	23,320	22,024	5,698	5,618	5,429	5,279
2	Goods, adjusted, excluding military ²	11,913	11,785	3,109	2,858	2,925	2,893
3	Services ³	5,390	5,231	1,306	1,358	1,309	1,258
4	Transfers under U.S. military agency sales contracts ⁴	377	518	212	219	43	44
5	Travel	1,839	1,534	337	356	456	385
6	Passenger fares	621	500	117	120	135	128
7	Other transportation	324	322	76	77	83	86
8	Royalties and license fees ⁵	697	723	158	180	181	204
9	Other private services ⁵	1,520	1,610	402	400	405	403
10	U.S. Government miscellaneous services	12	24	4	6	6	8
11	Income receipts on U.S. assets abroad	6,017	5,008	1,283	1,402	1,195	1,128
12	Direct investment receipts	3,287	2,026	508	631	462	425
13	Other private receipts	2,730	2,982	775	771	733	703
14	U.S. Government receipts						
15	Imports of goods, services, and income	-8,624	-9,939	-2,441	-2,438	-2,511	-2,549
16	Goods, adjusted, excluding military ²	-4,881	-5,366	-1,262	-1,434	-1,312	-1,358
17	Services ³	-2,762	-2,772	-722	-555	-736	-759
18	Direct defense expenditures	-73	-39	-11	-9	-7	-12
19	Travel	-965	-985	-260	-159	-298	-268
20	Passenger fares	-546	-554	-150	-112	-135	-157
21	Other transportation	-229	-212	-67	-40	-52	-53
22	Royalties and license fees ⁵	-85	-46	-17	-9	-9	-11
23	Other private services ⁵	-810	-888	-205	-214	-223	-246
24	U.S. Government miscellaneous services	-54	-48	-12	-12	-12	-12
25	Income payments on foreign assets in the United States	-981	-1,801	-457	-449	-463	-432
26	Direct investment payments	-62	-802	-190	-213	-243	-156
27	Other private payments	-546	-641	-172	-160	-159	-150
28	U.S. Government payments	-373	-358	-95	-76	-61	-126
29	Unilateral transfers, net	-117	-165	-40	-39	-43	-43
30	U.S. Government grants ⁴						
31	U.S. Government pensions and other transfers	-36	-36	-9	-9	-9	-9
32	Private remittances and other transfers ⁶	-81	-129	-31	-30	-34	-34
33	U.S. assets abroad, net (increase/capital outflow (-))	-3,819	-10,167	-1,431	-7,496	-1,862	622
34	U.S. official reserve assets, net ⁷						
35	Gold						
36	Special drawing rights						
37	Reserve position in the International Monetary Fund						
38	Foreign currencies						
39	U.S. Government assets, other than official reserve assets, net	1	-2	-1	-1		
40	U.S. credits and other long-term assets						
41	Repayments on U.S. credits and other long-term assets ⁸			-1	-1		
42	U.S. foreign currency holdings and U.S. short-term assets, net	1	-2	-1	-1		
43	U.S. private assets, net	-3,820	-10,165	-1,430	-7,495	-1,862	622
44	Direct investment	-1,100	-7,014	-1,316	-4,743	-587	-368
45	Foreign securities	-3,032	-1,334	-15	-1,348	-403	432
46	U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns	-10	-256	128	129	-513	
47	U.S. claims reported by U.S. banks, not included elsewhere	322	-1,561	-227	-1,533	-359	558
48	Foreign assets in the United States, net (increase/capital inflow (+))	3,881	381	-674	2,738	-3,198	1,515
49	Foreign official assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)
50	U.S. Government securities	(18)	(18)	(18)	(18)	(18)	(18)
51	U.S. Treasury securities ⁹	(18)	(18)	(18)	(18)	(18)	(18)
52	Other ¹⁰	(18)	(18)	(18)	(18)	(18)	(18)
53	Other U.S. Government liabilities ¹¹	-150	-344	-178	-179	-2	15
54	U.S. liabilities reported by U.S. banks, not included elsewhere	(18)	(18)	(18)	(18)	(18)	(18)
55	Other foreign official assets ¹²	(18)	(18)	(18)	(18)	(18)	(18)
56	Other foreign assets in the United States, net	(18)	(18)	(18)	(18)	(18)	(18)
57	Direct investment	2,557	1,985	1,475	487	-265	288
58	U.S. Treasury securities	(18)	(18)	(18)	(18)	(18)	(18)
59	U.S. currency						
60	U.S. securities other than U.S. Treasury securities	681	823	175	-325	7	966
61	U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns	-93	1,561	-159	1,623	97	
62	U.S. liabilities reported by U.S. banks, not included elsewhere	18 886	18 -3,644	18 -1,987	18 1,132	18 -3,035	18 246
63	Allocations of special drawing rights						
64	Statistical discrepancy, and transfers of funds between foreign areas, net (sum of above items with sign reversed)	-14,641	-2,134	-1,112	1,617	2,185	-4,824
	Memoranda:						
65	Balance on goods (lines 2 and 16)	7,032	6,419	1,847	1,424	1,613	1,535
66	Balance on services (lines 3 and 17)	2,628	2,459	584	803	573	499
67	Balance on goods and services (lines 65 and 66)	9,660	8,878	2,431	2,227	2,186	2,034
68	Balance on investment income (lines 11 and 25)	5,036	3,207	826	953	732	696
69	Balance on goods, services, and income (lines 1 and 15 or lines 67 and 68) ¹³	14,696	12,085	3,257	3,180	2,918	2,730
70	Unilateral transfers, net (line 29)	-117	-165	-40	-39	-43	-43
71	Balance on current account (lines 1, 15, and 29 or lines 69 and 70) ¹³	14,579	11,920	3,217	3,141	2,875	2,687

Transactions, by Area—Continued
of dollars]

Other countries in Asia and Africa						International organizations and unallocated ¹⁶						Line
1997	1998 ^p	1998				1997	1998 ^p	1998				
		I	II	III ^r	IV ^p			I	II	III ^r	IV ^p	
240,817	213,864	53,789	51,851	51,275	56,949	22,693	24,682	5,849	5,999	6,299	6,535	1
155,781	136,907	34,244	32,927	31,292	38,444	.....	.....	.....	.....	.....	.....	2
57,617	54,252	13,706	13,097	14,446	13,003	5,872	6,258	1,503	1,472	1,606	1,677	3
11,598	9,657	2,486	2,422	2,391	2,358	6	.....	.....	.....	.....	.....	4
12,137	10,454	2,126	2,805	3,361	2,162	.....	.....	.....	.....	.....	.....	5
1,903	1,623	377	394	507	345	.....	.....	.....	.....	.....	.....	6
8,602	8,171	1,999	1,990	2,019	2,163	532	748	130	134	247	237	7
4,377	4,271	1,046	1,021	1,069	1,135	1,741	1,813	434	444	441	494	8
18,691	19,725	5,584	4,377	5,011	4,753	3,593	3,697	939	894	918	946	9
309	351	88	88	88	87	.....	.....	.....	.....	.....	.....	10
27,419	22,705	5,839	5,827	5,537	5,502	16,821	18,424	4,346	4,527	4,693	4,858	11
15,290	11,210	2,916	2,862	2,611	2,821	9,081	10,300	2,319	2,465	2,672	2,844	12
10,841	10,388	2,646	2,731	2,601	2,410	7,175	7,309	1,845	1,867	1,810	1,787	13
1,288	1,107	277	234	325	271	565	815	182	195	211	227	14
-314,046	-325,942	-76,018	-79,516	-87,459	-82,949	-8,698	-10,831	-2,748	-2,547	-2,830	-2,706	15
-255,087	-263,611	-61,035	-63,802	-71,445	-67,329	.....	.....	.....	.....	.....	.....	16
-31,800	-34,651	-8,179	-8,597	-8,883	-8,992	-2,574	-3,680	-1,054	-720	-1,001	-905	17
-2,640	-4,009	-892	-1,003	-973	-1,141	.....	.....	.....	.....	.....	.....	18
-9,607	-9,887	-2,427	-2,477	-2,620	-2,363	.....	.....	.....	.....	.....	.....	19
-4,505	-4,651	-1,103	-1,197	-1,168	-1,183	.....	.....	.....	.....	.....	.....	20
-7,388	-7,810	-1,796	-1,885	-2,040	-2,089	-1,093	-1,905	-332	-358	-646	-569	21
-183	-155	-38	-38	-37	-42	-639	-1,097	-545	-187	-188	-177	22
-6,670	-7,331	-1,721	-1,795	-1,843	-1,972	-842	-678	-177	-175	-167	-159	23
-807	-808	-202	-202	-202	-202	.....	.....	.....	.....	.....	.....	24
-27,159	-27,680	-6,804	-7,117	-7,131	-6,628	-6,124	-7,151	-1,694	-1,827	-1,829	-1,801	25
384	316	182	15	-38	157	-3,172	-3,872	-902	-976	-978	-1,016	26
-9,746	-10,252	-2,653	-2,569	-2,614	-2,416	-2,946	-3,259	-789	-838	-848	-784	27
-17,797	-17,744	-4,333	-4,563	-4,479	-4,369	-6	-20	-3	-13	-3	-1	28
-15,422	-16,559	-3,433	-2,940	-3,602	-6,584	-9,402	-9,029	-2,272	-2,139	-1,949	-2,669	29
-8,132	-8,398	-1,338	-999	-1,481	-4,590	-818	-801	-247	-223	-168	-163	30
-502	-462	-122	-120	-97	-123	-1,150	-1,146	-241	-137	-82	-696	31
-6,788	-7,699	-1,973	-1,821	-2,024	-1,881	-7,434	-7,082	-1,784	-1,779	-1,699	-1,820	32
-38,600	-8,767	4,618	489	947	-14,821	-9,921	-5,133	-3,037	-3,481	-6,451	7,836	33
.....	.....	.....	.....	.....	.....	-3,925	-5,267	-267	-959	-1,890	-2,151	34
.....	.....	.....	.....	.....	.....	-350	-149	-182	72	188	-227	35
.....	.....	.....	.....	.....	.....	-3,575	-5,118	-85	-1,031	-2,078	-1,924	36
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	37
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	38
341	-489	-374	-322	162	45	-1,220	-1,161	-286	-317	-291	-267	39
-2,017	-1,454	-391	-635	-206	-222	-1,220	-1,161	-286	-317	-291	-267	40
2,423	1,339	410	275	365	289	.....	.....	.....	.....	.....	.....	41
-65	-374	-393	38	3	-22	.....	.....	.....	.....	.....	.....	42
-38,941	-8,278	4,992	811	785	-14,866	-4,776	1,295	-2,484	-2,205	-4,270	10,254	43
-16,834	-9,589	-2,178	-979	-3,904	-2,528	-8,052	-8,506	-1,727	-2,302	-1,999	-2,478	44
-19,132	-3,732	-3,778	-4,789	4,384	451	3,051	-525	-125	158	104	-682	45
-1,380	1,185	-690	2,261	-386	.....	42	11,761	18	-15	-45	11,803	46
-1,595	3,858	11,638	4,318	691	-12,789	183	-1,435	-650	-46	-2,330	1,591	47
32,051	17,117	19,974	-1,760	-16,362	15,265	25,979	9,371	7,754	114	7,447	-5,944	48
(18)	(18)	(18)	(18)	(18)	(18)	1	1	.....	.....	.....	1	49
(18)	(18)	(18)	(18)	(18)	(18)	.....	.....	.....	.....	.....	.....	50
(18)	(18)	(18)	(18)	(18)	(18)	.....	.....	.....	.....	.....	.....	51
(18)	(18)	(18)	(18)	(18)	(18)	.....	.....	.....	.....	.....	.....	52
-2,416	-1,424	-167	-647	-233	-377	.....	.....	.....	.....	.....	.....	53
(18)	(18)	(18)	(18)	(18)	(18)	1	1	.....	.....	.....	1	54
(18)	(18)	(18)	(18)	(18)	(18)	.....	.....	.....	.....	.....	.....	55
(18)	(18)	(18)	(18)	(18)	(18)	25,978	9,370	7,754	114	7,447	-5,945	56
3,407	-1,474	-2,116	706	-291	227	2,701	3,351	811	838	851	851	57
(18)	(18)	(18)	(18)	(18)	(18)	.....	.....	.....	.....	.....	.....	58
.....	.....	.....	.....	.....	.....	24,782	16,622	746	2,349	7,277	6,250	59
0,076	-1,452	3,217	655	-7,262	1,938	-43	-144	-74	215	-203	-82	60
1,833	-43	1,563	59	-1,665	.....	157	-10,940	57	73	49	-11,119	61
¹⁸ 21,151	¹⁸ 21,510	¹⁸ 17,477	¹⁸ -2,533	¹⁸ -6,911	¹⁸ 13,477	¹⁸ -1,619	¹⁸ 481	¹⁸ 6,214	¹⁸ -3,361	¹⁸ -527	¹⁸ -1,845	62
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	63
95,200	120,287	1,070	31,876	55,201	32,140	-20,651	-9,060	-5,546	2,054	-2,516	-3,052	64
-99,306	-126,704	-26,791	-30,875	-40,153	-28,885	.....	.....	.....	.....	.....	.....	65
25,817	19,601	5,527	4,500	5,563	4,011	3,298	2,578	449	752	605	772	66
-73,489	-107,103	-21,264	-26,375	-34,580	-24,874	3,298	2,578	449	752	605	772	67
260	-4,975	-965	-1,290	-1,594	-1,126	10,697	11,273	2,652	2,700	2,864	3,057	68
-73,229	-112,078	-22,229	-27,665	-36,184	-26,000	13,995	13,851	3,101	3,452	3,469	3,829	69
-15,422	-16,559	-3,433	-2,940	-3,602	-6,584	-9,402	-9,029	-2,272	-2,139	-1,949	-2,669	70
-88,651	-128,637	-25,662	-30,605	-39,786	-32,584	4,593	4,822	829	1,313	1,520	1,160	71